

Mississippi



Single Audit Report

For the Fiscal Year Ended June 30, 2004

OFFICE OF THE STATE AUDITOR
Phil Bryant, State Auditor

Cover Photo: New Capitol Building, courtesy of David M. Reilly

The Office of the State Auditor does not discriminate on the basis of race, religion, national origin, sex, age or disability.



State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
Auditor

March 25, 2005

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2004. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report recognition of two other state achievements in financial accounting and reporting:

- for the seventeenth consecutive year the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 2003 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 2004.

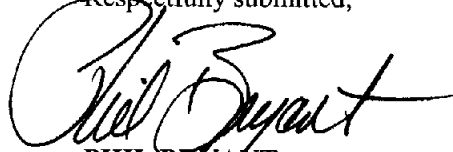
Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2004 has been issued and is available electronically at <http://www.dfa.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration
Attention: Bureau of Financial Reporting
P. O. Box 267
Jackson, MS 39205

The Governor, Members of the Legislature
and Citizens of the State of Mississippi
Page 2

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted,

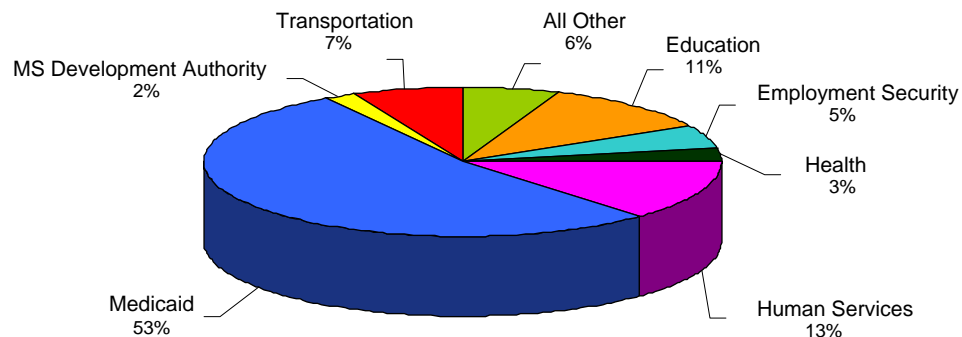


PHIL BRYANT
State Auditor

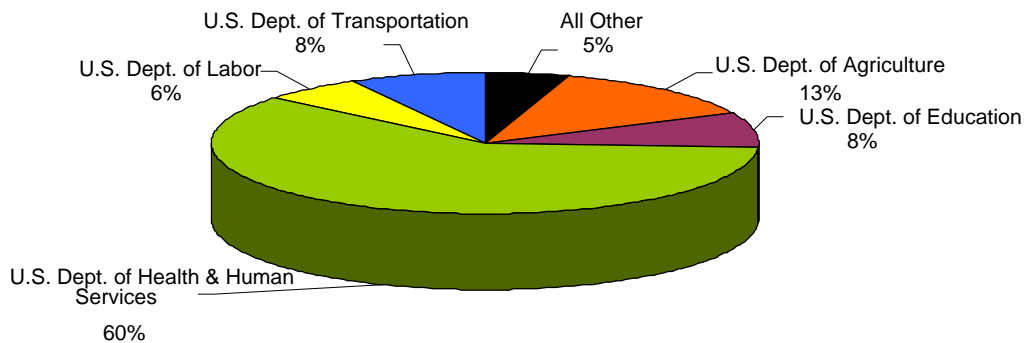
STATE OF MISSISSIPPI

Fiscal Year 2004

Expenditures of Federal Awards by State Grantee Agency

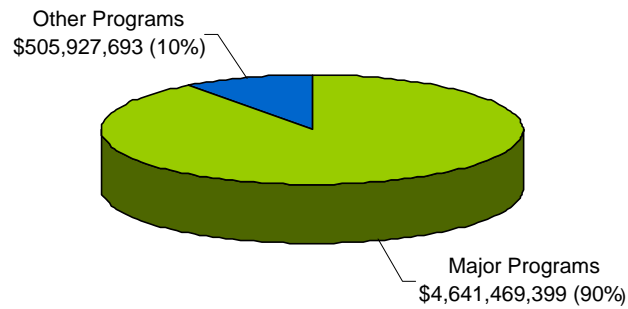


Expenditures of Federal Awards by Federal Department

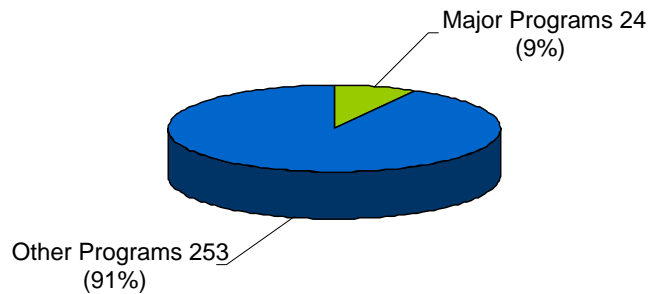


STATE OF MISSISSIPPI
Fiscal Year 2004

Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$5,147,397,092

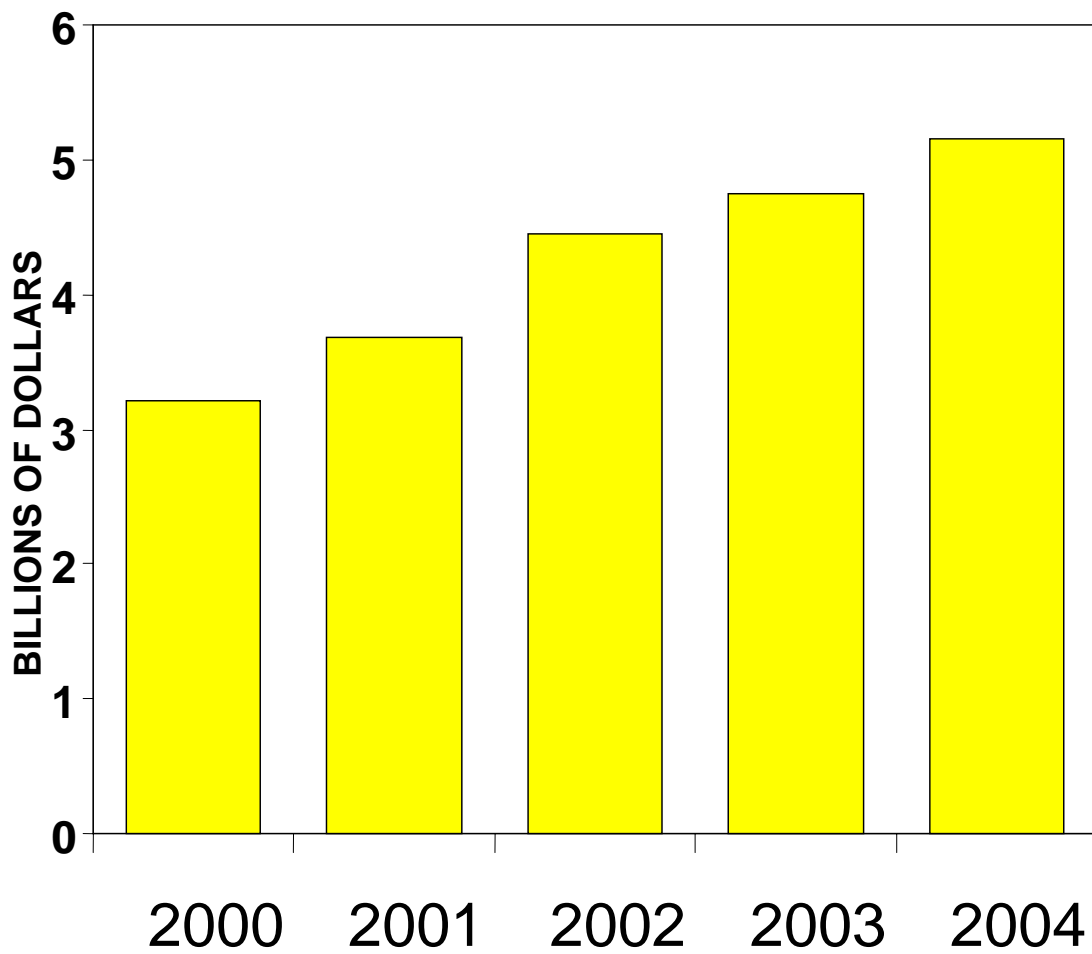


Percentage of Major Program Assistance
277 Programs



STATE OF MISSISSIPPI Total Federal Financial Assistance

Last Five Fiscal Years



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STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2004

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I. AUDIT REPORTING





State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
Auditor

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi, as of and for the year ended June 30, 2004, which collectively comprise the state's basic financial statements, and have issued our report thereon dated December 6, 2004. We did not audit the financial statements of:

■ Government-wide Financial Statements

● Governmental Activities

- the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund and the State Agencies Self-Insured Workers' Compensation Trust Fund which, in the aggregate, represent 8% and 2%, respectively, of the assets and revenues of the Governmental Activities;

● Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and AbilityWorks, Inc, within the Department of Rehabilitation Services which, in the aggregate, represent 37% and 20%, respectively, of the assets and revenues of the Business-type Activities;

● Component Units

- certain blended component units within the universities which represent 15% and 4%, respectively, of the assets and revenues of the component units and the nonmajor component units which represent 4% and 1%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 10% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 98% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

- the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
- the Veterans' Home Purchase Board and the AbilityWorks, Inc. which, in the aggregate, represent 70% and 55%, respectively, of the assets and revenues of the nonmajor enterprise funds;
- the State Agencies Self-Insured Workers' Compensation Trust Fund which represents 29% and 3%, respectively, of the assets and revenues of the Internal Service Funds;

● Fiduciary Funds

- the Pension Trust Funds;
- the Mississippi Affordable College Savings Program which represents 95% and 98%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us. This report, insofar as it relates to the amounts included for the above mentioned entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Mississippi's basic financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 3

We did not perform tests of compliance with laws, regulations, contracts and grants for the entities identified in the first paragraph of this report. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the above mentioned entities was based solely on the reports of the other auditors.

The results of our tests and the reports of other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to the above mentioned entities, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the major component unit, Universities, which will be presented in a separate report issued by the Office of the State Auditor.

Our consideration of the internal control over financial reporting, based on our audit and the reports of the other auditors, would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

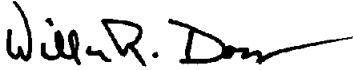
However, we and the other auditors noted other matters involving the internal control over financial reporting, which we have reported to management of the State of Mississippi in separate communications.

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 4

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 6, 2004



State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
Auditor

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

Compliance

We have audited the compliance of the State of Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Mississippi's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi or the Mississippi Authority for Educational Television. The audits of these federal programs were conducted in accordance with the provisions of OMB Circular A-133, and separate reports were issued.

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 2

In our opinion the State of Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. We did not test the transactions and records of the major federal programs administered by the state's public universities or the Mississippi Authority for Educational Television for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

The results of our auditing procedures, however, disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 04-05 (page 69), 04-06 (page 71), 04-23 (page 77), 04-18 (page 82), 04-19 (page 83), and 04-20 (page 86).

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities and the Mississippi Authority for Educational Television as discussed in the third paragraph of this report.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described on pages 51 through 86 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider none to be material weaknesses.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the State of Mississippi as of and for the year ended June 30, 2004, and have issued our report thereon dated December 6, 2004. We did not audit the financial statements of:

■ Government-wide Financial Statements

● Governmental Activities

- the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund and the State Agencies Self-Insured Workers' Compensation Trust Fund which, in the aggregate, represent 8% and 2%, respectively, of the assets and revenues of the Governmental Activities;

● Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and AbilityWorks, Inc. within the Department of Rehabilitation Services which, in the aggregate, represent 37% and 20%, respectively, of the assets and revenues of the Business-type Activities;

● Component Units

- certain blended component units within the Universities which represent 15% and 4%, respectively, of the assets and revenues of the component units and the nonmajor component units which represent 4% and 1%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 10% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 98% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

- the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
- the Veterans' Home Purchase Board and the AbilityWorks, Inc. which, in the aggregate, represent 70% and 55%, respectively, of the assets and revenues of the nonmajor enterprise funds;
- the State Agencies Self-Insured Workers' Compensation Trust Fund which represents 29% and 3%, respectively, of the assets and revenues of the Internal Service Funds;

● Fiduciary Funds

- the Pension Trust Funds;
- the Mississippi Affordable College Savings Program which represents 95% and 98%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the above named entities, is based on the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities and the Mississippi Authority for Educational Television from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities and the Mississippi Authority for Educational Television were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and separate reports were issued.


Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 5

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the basic financial statements of the State of Mississippi and on the entities listed above, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic financial statements. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effect of the omission described in the preceding paragraph, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
March 11, 2005, except for the Schedule of Expenditures of Federal Awards, as to which the date is
December 6, 2004.

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**Schedule of Expenditures of Federal Awards
by Federal Department**



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
OFFICE OF NATIONAL DRUG CONTROL POLICY			
07. UN	High Intensity Drug Trafficking Area (HIDTA)	Public Safety /Marine Resources /Narcotics	\$ 589,204
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			589,204
U.S. DEPARTMENT OF AGRICULTURE			
10. UN	CCC - Assistance to Eligible Catfish Producers	Agriculture and Commerce	18,776,802
10. UN1	Marketing Analysis and Training Program	Agriculture and Commerce	15,000
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture and Commerce /Animal Health	954,340
10. 163	Market Protection and Promotion	Agriculture and Commerce	28,402
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	1,483,593
10. 550@	Food Donation	Education	14,371,325
10. 557	Special Supplemental Nutrition Program for Women, Infants and Children	Health	59,410,846
10. 558	Child and Adult Care Food Program	Education	26,509,550
10. 560	State Administrative Expenses for Child Nutrition	Education	2,334,571
10. 565	Commodity Supplemental Food Program	Health	478,635
10. 570	Nutrition Services Incentive	Human Services	1,566,431
10. 574	Team Nutrition Grants	Education	24,714
10. 664	Cooperative Forestry Assistance	Forestry Commission	2,852,704
10. 902	Soil and Water Conservation	Soil & Water Conservation Commission	1,992,090
10. 950	Agricultural Statistics Reports	Agriculture and Commerce	112,058
SUBTOTAL			130,911,061
Food Stamp Cluster			
10. 551@	Food Stamps	Human Services	355,429,850
10. 561	State Administrative Matching Grants for Food Stamp Program	Human Services	32,286,337
Total Food Stamp Cluster			387,716,187
Child Nutrition Cluster			
10. 553	School Breakfast Program	Education	36,212,274
10. 555	National School Lunch Program	Education	111,529,071
10. 556	Special Milk Program for Children	Education	5,862
10. 559	Summer Food Service Program for Children	Education	4,155,894
Total Child Nutrition Cluster			151,903,101
Emergency Food Assistance Cluster			
10. 568	Emergency Food Assistance Program (Administrative Costs)	Human Services	805,762
10. 569@	Emergency Food Assistance Program (Food Commodities)	Human Services	4,961,777
Total Emergency Food Assistance Cluster			5,767,539

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>	<u>State Grantee Agency</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			676,297,888
U.S. DEPARTMENT OF COMMERCE			
11. 407	Interjurisdictional Fisheries Act of 1986	Marine Resources	89,353
11. 419	Coastal Zone Management Administration Awards	Secretary of State /Marine Resources /Environmental Quality	7,243,790
11. 420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	564,464
11. 434	Cooperative Fishery Statistics	Marine Resources	117,174
11. 452	Unallied Industry Projects	Marine Resources	983,846
11. 478	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	Environmental Quality	53,128
TOTAL U.S. DEPARTMENT OF COMMERCE			9,051,755
U.S. DEPARTMENT OF DEFENSE			
12. UN	Transfer of Excess Personal Property for Counter-Drug Activities	Finance and Administration	27,802
12. UN1	Teacher and Teacher's Aide Placement Assistance Program	Education	103,100
12. UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-500. DACW01-3-91-543. DACW01-3-92-410. DACW01-3-91-411. DACW38-91-H-007 and DACW38-91-H-010.)	Wildlife, Fisheries and Parks	1,446,384
12. UN3	Distance Learning Network	Military Department	19,682
12. 113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	141,685
12. 400	Military Construction, National Guard	Military Department	1,977,022
12. 401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department	47,074,453
12. 402	National Guard Special Military Operations and Projects	Military Department	5,154,139
12. 404	National Guard Civilian Youth Opportunities	Military Department	3,567,188
12. 405	National Guard Drug Interdiction and Counter Drug Activities	Military Department	186,929
TOTAL U.S. DEPARTMENT OF DEFENSE			59,698,384
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14. 228	Community Development Block Grants/State's Program	MS Development Authority	42,039,720
14. 231	Emergency Shelter Grants Program	MS Development Authority	1,579,899
14. 239	HOME Investment Partnerships Program	MS Development Authority	15,788,864
14. 241	Housing Opportunities for Persons with AIDS	Health	1,283,298
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			60,691,781
U.S. DEPARTMENT OF THE INTERIOR			
15. 250	Regulation of Surface Coal Mining and Surface Effects of	Environmental Quality	63,638

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
15. 612	Underground Coal Mining		
15. 616	Rare and Endangered Species Conservation	Wildlife, Fisheries and Parks	451,902
15. 622	Clean Vessel Act	Marine Resources	47,088
15. 808	Sportfishing and Boating Safety Act	Marine Resources	164,187
15. 810	U.S. Geological Survey-Research and Data Collection	Environmental Quality	12,793
15. 904	National Cooperative Geologic Mapping Program	Environmental Quality	128,040
15. 916	Historic Preservation Fund Grants-In-Aid	Archives and History	569,941
	Outdoor Recreation-Acquisition, Development and Planning	Wildlife, Fisheries and Parks	590,406
SUBTOTAL			2,027,995
Fish and Wildlife Cluster			
15. 605	Sport Fish Restoration	Marine Resources /Wildlife, Fisheries and Parks	6,691,954
15. 611	Wildlife Restoration	Wildlife, Fisheries and Parks	604,153
Total Fish and Wildlife Cluster			7,296,107
TOTAL U.S. DEPARTMENT OF THE INTERIOR			9,324,102
U.S. DEPARTMENT OF JUSTICE			
16. UN	Domestic Cannabis Eradication/Suppression Program	Narcotics	157,465
16. UN1	COPS Methamphetamine Grant	Narcotics	708,496
16. UN2	Federal Equitable Sharing Program	Gaming Commission	128,224
16. 202	Offender Reentry Program	Corrections	235,154
16. 523	Juvenile Accountability Incentive Block Grants	Public Safety	1,540,053
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	Public Safety	399,742
16. 548	Title V-Delinquency Prevention Program	Public Safety	18,749
16. 549	Part E-State Challenge Activities	Public Safety	406
16. 554	National Criminal History Improvement Program (NCHIP)	Public Safety	613,281
16. 564	Crime Laboratory Improvement-Combined Offender DNA Index System Backlog Reduction	Public Safety	732,176
16. 575	Crime Victim Assistance	Public Safety	3,232,612
16. 576	Crime Victim Compensation	Finance and Administration	539,000
16. 579	Byrne Formula Grant Program	Public Safety	4,913,913
16. 586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	Corrections	4,260,995
16. 588	Violence Against Women Formula Grants	Public Safety	1,401,564
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	386,824
16. 592	Local Law Enforcement Block Grants Program	Public Safety	600,448
16. 593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	857,073
16. 606	State Criminal Alien Assistance Program	Corrections	25,825
16. 607	Bulletproof Vest Partnership Program	Public Safety	30,552
16. 727	Enforcing Underage Drinking Laws Program	Public Safety	231,683
TOTAL U.S. DEPARTMENT OF JUSTICE			21,014,235
U.S. DEPARTMENT OF LABOR			

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
17. UN	Job Corps	Employment Security	997,177
17. 002	Labor Force Statistics	Employment Security	728,102
17. 005	Compensation and Working Conditions	Health	14,050
17. 203	Labor Certification for Alien Workers	Employment Security	68,714
17. 225#	Unemployment Insurance	Employment Security	232,053,606
17. 235	Senior Community Service Employment Program	Human Services	988,542
17. 245	Trade Adjustment Assistance-Workers	Employment Security	1,596,845
17. 249	Employment Services and Job Training Pilots - Demonstrations and Research	Education	869,803
17. 261	Employment and Training Administration Pilots, Demonstrations and Research Projects	Bd for Community and Junior Colleges	2,625,392
17. 504	Consultation Agreements	Health	26,226
17. 600	Mine Health and Safety Grants	Environmental Quality	60,050
SUBTOTAL			240,028,507
Employment Services Cluster			
17. 207	Employment Service	Employment Security	9,139,438
17. 801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	660,625
17. 804	Local Veterans' Employment Representative Program	Employment Security	1,002,431
Total Employment Services Cluster			10,802,494
WIA Cluster			
17. 258	WIA Adult Program	MS Development Authority	12,078,862
17. 259	WIA Youth Activities	MS Development Authority	15,367,787
17. 260	WIA Dislocated Workers	MS Development Authority	19,865,431
Total WIA Cluster			47,312,080
TOTAL U.S. DEPARTMENT OF LABOR			298,143,081
U.S. DEPARTMENT OF TRANSPORTATION			
20. UN	Fatal Analysis Reporting System	Public Safety	70,085
20. 106	Airport Improvement Program	Transportation	63,000
20. 217	Motor Carrier Safety	Public Safety	583,986
20. 218	National Motor Carrier Safety	Public Service Commission	2,039,264
20. 219	Recreational Trails Program	Wildlife, Fisheries and Parks	801,093
20. 505	Federal Transit-Metropolitan Planning Grants	Transportation	386,548
20. 509	Formula Grants for Other Than Urbanized Areas	Transportation	5,250,332
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	34,042
20. 700	Pipeline Safety	Public Service Commission	288,875
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	210,848
SUBTOTAL			9,728,073
Highway Planning and Construction Cluster			
20. 205	Highway Planning and Construction	Transportation	370,048,654
Total Highway Planning and Construction Cluster			370,048,654

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
20. 600	Highway Safety Cluster State and Community Highway Safety	Public Safety	7,930,081
	Total Highway Safety Cluster		7,930,081
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		387,706,808
	U.S. DEPARTMENT OF THE TREASURY		
21. UN	Jobs and Growth	Finance and Administration	70,021,928
	TOTAL U.S. DEPARTMENT OF THE TREASURY		70,021,928
	APPALACHIAN REGIONAL COMMISSION		
23. 002	Appalachian Area Development	MS Development Authority	217,539
23. 011	Appalachian State Research, Technical Assistance, and Demonstration Projects	Education /MS Development Authority	207,053
	TOTAL APPALACHIAN REGIONAL COMMISSION		424,592
	GENERAL SERVICES ADMINISTRATION		
39. 003	Donation of Federal Surplus Personal Property	Finance and Administration	356,211
	TOTAL GENERAL SERVICES ADMINISTRATION		356,211
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45. 025	Promotion of the Arts-Partnership Agreements	Arts Commission	451,006
45. 026	Promotion of the Arts-Leadership Initiatives	Arts Commission	2,176
45. 310	State Library Program	Library Commission	1,741,162
	TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		2,194,344
	U.S. DEPARTMENT OF VETERANS AFFAIRS		
64. 124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	69,788
	TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS		69,788
	ENVIRONMENTAL PROTECTION AGENCY		
66. 032	State Indoor Radon Grants	Health	30,447
66. 419	Water Pollution Control State and Interstate Program Support	Environmental Quality	1,356,538

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
66. 432	State Public Water System Supervision	Health	1,509,728
66. 433	State Underground Water Source Protection	Environmental Quality /Oil and Gas Board	252,878
66. 436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	Environmental Quality	30,000
66. 454	Water Quality Management Planning	Environmental Quality	482,820
66. 458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality	21,154,596
66. 460	Nonpoint Source Implementation Grants	Environmental Quality	4,043,827
66. 461	Wetland Program Grants	Secretary of State /Marine Resources	269,076
66. 463	Water Quality Cooperative Agreements	Environmental Quality	101,542
66. 468	Capitalization Grants for Drinking Water State Revolving Funds	Health	7,278,731
66. 471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	Health	398,974
66. 472	Beach Monitoring and Notification Program Implementation Grants	Environmental Quality	192,073
66. 474	Water Protection Grants to the States	Health	62,811
66. 500	Environmental Protection-Consolidated Research	Environmental Quality	85,195
66. 605	Performance Partnership Grants	Environmental Quality /Agricultural Aviation Board	877,820
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	Marine Resources /Environmental Quality	653,524
66. 607	Training and Fellowships for the Environmental Protection Agency	Environmental Quality	43,611
66. 608	Environmental Information Exchange Network Grant Program	Environmental Quality	207,300
66. 700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture and Commerce /Plant Industry	563,687
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	41,647
66. 707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Quality	347,848
66. 708	Pollution Prevention Grants Program	Environmental Quality	47,078
66. 802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	298,678
66. 804	State and Tribal Underground Storage Tanks Program	Environmental Quality	202,213
66. 805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	700,578
66. 809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	224,766
66. 810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	Environmental Quality	19,366
66. 817	State and Tribal Response Program Grants	Environmental Quality	163,088
TOTAL ENVIRONMENTAL PROTECTION AGENCY			38,919,160

U.S. DEPARTMENT OF ENERGY

81. UN1	Petroleum Violation Escrow - Stripper Well	Treasury	3,656,159
81. UN2	Petroleum Violation Escrow - Citronelle/Exxon	Treasury	149,349
81. 041	State Energy Program	Treasury /MS Development Authority	691,865
81. 042	Weatherization Assistance for Low-Income Persons	Human Services	1,440,858
81. 106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	Emergency Management	28,719
81. 117	Energy Efficiency and Renewable Energy Information	MS Development Authority	13,508

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
81. 119	Dissemination, Outreach, Training and Technical Analysis/ Assistance State Energy Program Special Projects	MS Development Authority	184,687
TOTAL U.S. DEPARTMENT OF ENERGY			6,165,145
U.S. DEPARTMENT OF EDUCATION			
84. 002	Adult Education-State Grant Program	Bd for Community and Junior Colleges	6,520,836
84. 010	Title I Grants to Local Educational Agencies	Education	148,003,128
84. 011	Migrant Education-State Grant Program	Education	1,321,557
84. 013	Title I Program for Neglected and Delinquent Children	Education	618,327
84. 048	Vocational Education-Basic Grants to States	Education	15,655,305
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	Rehabilitation Services	38,565,155
84. 158	Secondary Education and Transitional Service for Youth with Disabilities	Education	213
84. 169	Independent Living-State Grants	Rehabilitation Services	265,464
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	215,190
84. 181	Special Education-Grants for Infants and Families with Disabilities	Health	4,464,611
84. 184	Safe and Drug-Free Schools and Communities-National Programs	Education	411,608
84. 185	Byrd Honors Scholarships	Education	426,000
84. 186	Safe and Drug-Free Schools and Communities-State Grants	Public Safety /Education	4,861,676
84. 187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	220,948
84. 196	Education for Homeless Children and Youth	Education	628,793
84. 213	Even Start-State Educational Agencies	Education	2,523,767
84. 215	Fund for the Improvement of Education	Education	412,594
84. 216	Capital Expenses	Education	88,364
84. 224	Assistive Technology	Rehabilitation Services	299,178
84. 243	Tech-Prep Education	Education	1,083,176
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	Rehabilitation Services	125,426
84. 276	Goals 2000 - State and Local Education Systemic Improvement Grants	Education	35,583
84. 281	Eisenhower Professional Development State Grants	Education	195,931
84. 287	Twenty-First Century Community Learning Centers	Education	4,277,344
84. 293	Foreign Language Assistance	Education	30,177
84. 298	State Grants for Innovative Programs	Education	3,911,401
84. 305	Education Research, Development and Dissemination	Education	66,232
84. 318	Education Technology State Grants	Education	5,464,014
84. 326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education	209
84. 330	Advanced Placement Program	Education	149,990
84. 331	Grants to States for Incarcerated Youth Offenders	Education	104,483
84. 332	Comprehensive School Reform Demonstration	Education	3,266,215
84. 336	Teacher Quality Enhancement Grants	Education	596,083
84. 338	Reading Excellence	Education	1,039,756
84. 340	Class Size Reduction	Education	1,424,835
84. 342	Preparing Tomorrow's Teachers to Use Technology	Education	56,136
84. 346	Vocational Education-Occupational and Employment Information State Grants	MS Development Authority	139,311
84. 348	Title I Accountability Grants	Education	622,828

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
84. 350	Transition to Teaching	Education	405,044
84. 351	Arts in Education	Arts Commission	284,624
84. 352	School Renovation Grants	Education	2,993,117
84. 357	Reading First State Grants	Education	5,815,459
84. 358	Rural Education	Education	5,860,694
84. 365	English Language Acquisition Grants	Education	766,855
84. 366	Mathematics and Science Partnerships	Education	45,857
84. 367	Improving Teacher Quality State Grants	Education	40,303,114
84. 369	Grants for State Assessments and Related Activities	Education	3,206,248
84. 923	ARC - Construction Engineering Technology	Education	24,172
	SUBTOTAL		307,797,028
	Special Education Cluster (IDEA)		
84. 027	Special Education-Grants to States	Education	83,293,847
84. 173	Special Education-Preschool Grants	Education	4,005,172
	Total Special Education Cluster (IDEA)		87,299,019
	TRIO Cluster		
84. 044	TRIO-Talent Search	Education	364,282
	Total TRIO Cluster		364,282
	TOTAL U.S. DEPARTMENT OF EDUCATION		395,460,329
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93. 003	Public Health and Social Services Emergency Fund	Health	3,204,586
93. 041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect and Exploitation	Human Services	21,812
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	Human Services	59,984
93. 043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Human Services	198,435
93. 048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	Mental Health /Human Services	106,922
93. 051	Alzheimer's Disease Demonstration Grants to States	Mental Health	141,521
93. 052	National Family Caregiver Support	Human Services	1,652,141
93. 104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	1,115,488
93. 110	Maternal and Child Health Federal Consolidated Programs	Health	145,952
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	1,045,598
93. 127	Emergency Medical Services for Children	Health	69,999
93. 130	Primary Care Services-Resource Coordination and Development	Health	212,769
93. 136	Injury Prevention and Control Research and State and Community Based Programs	Health	584,001
93. 150	Projects for Assistance in Transition from Homelessness-PATH	Mental Health	343,513
93. 161	Health Program for Toxic Substances and Disease Registry	Health	48,845
93. 217	Family Planning-Services	Health	5,407,257
93. 230	Consolidated Knowledge Development and Application (KD&A) Program	Mental Health	2,522,976

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93. 235	Abstinence Education	Health	1,490,626
93. 238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	Mental Health	110,583
93. 241	State Rural Hospital Flexibility Program	Health	422,359
93. 251	Universal Newborn Hearing Screening	Health	247,062
93. 256	State Planning Grant-Health Care Access for the Uninsured	Medicaid	417,643
93. 259	Rural Access to Emergency Devices Grant	Health	258,404
93. 268@	Immunization Grants	Health	9,612,557
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	Health	10,026,035
93. 301	Small Rural Hospital Improvement Grants	Health	529,975
93. 556	Promoting Safe and Stable Families	Human Services	4,808,603
93. 558	Temporary Assistance for Needy Families	Human Services	104,291,780
93. 563	Child Support Enforcement	Human Services	14,804,414
93. 566	Refugee and Entrant Assistance-State Administered Programs	Human Services	1,483,735
93. 568	Low-Income Home Energy Assistance	Human Services	14,473,852
93. 569	Community Services Block Grant	Human Services	10,105,335
93. 570	Community Services Block Grant-Discretionary Awards	Human Services	29,660
93. 571	Community Services Block Grant Discretionary Awards- Community Food and Nutrition	Human Services	43,209
93. 576	Refugee and Entrant Assistance-Discretionary Grants	Health /Human Services	77,932
93. 585	Empowerment Zones Program	MS Development Authority	3,577,371
93. 586	State Court Improvement Program	Supreme Court	53,987
93. 597	Grants to States for Access and Visitation Programs	Human Services	102,000
93. 600	Head Start	Education	181,250
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	1,035,844
93. 643	Children's Justice Grants to States	Human Services	231,813
93. 645	Child Welfare Services-State Grants	Human Services	3,680,055
93. 658	Foster Care-Title IV-E	Human Services	6,625,713
93. 659	Adoption Assistance	Human Services	3,635,720
93. 667	Social Services Block Grant	Human Services	16,572,430
93. 669	Child Abuse and Neglect State Grants	Human Services	335,401
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	Health	1,093,629
93. 674	Chafee Foster Care Independent Living	Human Services	778,925
93. 767	State Children's Insurance Program	Medicaid	100,810,814
93. 769	Demonstration to Maintain Independence and Employment	Medicaid	118,691
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Medicaid /Mental Health /Human Services	1,023,660
93. 913	Grants to States for Operation of Offices of Rural Health	Health	25,846
93. 917	HIV Care Formula Grants	Health	7,608,775
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	171,782
93. 940	HIV Prevention Activities-Health Department Based	Health	2,567,131
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	353,539
93. 945	Assistance Programs for Chronic Disease Prevention and Control	Health	468,578
93. 952	Improving EMS/Trauma Care in Rural Areas	Health	4,168
93. 958	Block Grants for Community Mental Health Services	Mental Health	4,310,869
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	14,847,826
93. 977@	Preventive Health Services-Sexually Transmitted Diseases Control Grants	Health	1,766,582
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	278,923

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93. 991	Preventive Health and Health Services Block Grant	Health	1,643,279
93. 994@	Maternal and Child Health Services Block Grant to the States	Health	11,220,389
	SUBTOTAL		375,240,553
	Aging Cluster		
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Human Services	4,385,950
93. 045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Human Services	4,959,852
	Total Aging Cluster		9,345,802
	CCDF Cluster		
93. 575	Child Care and Development Block Grant	Human Services	31,342,463
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	23,360,865
	Total CCDF Cluster		54,703,328
	Medicaid Cluster		
93. 775	State Medicaid Fraud Control Units	Attorney General	1,404,381
93. 777	State Survey and Certification of Health Care Providers and Suppliers	Health	2,446,848
93. 778	Medical Assistance Program	/Medicaid Medicaid	2,616,445,319
	Total Medicaid Cluster		2,620,296,548
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		3,059,586,231
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94. 004	Learn and Serve America-School and Community Based Programs	Education	675,660
94. 007	Planning and Program Development Grants	Education	18,140
	SUBTOTAL		693,800
	Foster Grandparent/Senior Companion Cluster		
94. 016	Senior Companion Program	Human Services	123,123
	Total Foster Grandparent/Senior Companion Cluster		123,123
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		816,923
	SOCIAL SECURITY ADMINISTRATION		
96. 008	Social Security-Benefits Planning, Assistance, and Outreach Program	Rehabilitation Services	482,408

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
	SUBTOTAL		<u>482,408</u>
96.001	Disability Insurance/SSI Cluster Social Security-Disability Insurance	Rehabilitation Services	23,980,849
	Total Disability Insurance/SSI Cluster		<u>23,980,849</u>
	TOTAL SOCIAL SECURITY ADMINISTRATION		<u>24,463,257</u>
	DEPARTMENT OF HOMELAND SECURITY		
97.004	State Domestic Preparedness Equipment Support Program	Emergency Management	5,045,081
97.012	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	948,029
97.021	Hazardous Materials Assistance Program	Emergency Management	3,287
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Emergency Management	119,602
97.029	Flood Mitigation Assistance	Emergency Management	113,875
97.032	Crisis Counseling	Emergency Management	105,780
97.034	Disaster Unemployment Assistance	Employment Security	10,550
97.035	Individual and Family Grants	Emergency Management	78,911
97.036	Public Assistance Grants	Emergency Management	10,323,119
97.038	First Responder Counter-Terrorism Training Assistance	State Fire Academy	52,923
97.039	Hazard Mitigation Grant	Emergency Management	6,392,860
97.041	National Dam Safety Program	Environmental Quality	159,108
97.042	Emergency Management Performance Grants	Emergency Management	2,341,254
97.045	Cooperating Technical Partners	Environmental Quality	14,098
97.051	State and Local All Hazards Emergency Operations Planning	Emergency Management	612,279
97.052	Emergency Operations Centers	Emergency Management	1,100
97.053	Citizen Corps	Emergency Management	80,090
	TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>26,401,946</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 5,147,397,092</u>

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$166,301,198 and federal expenditures of \$65,752,408. Federal expenditures consist of both cash and noncash benefits.

@Denotes federal programs with noncash benefits.

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

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**Schedule of Expenditures of Federal Awards
by State Grantee Agency**



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	<u>AGRICULTURAL AVIATION BOARD</u>	
66. 605	Environmental Protection Agency Performance Partnership Grants	\$ 90,447
	TOTAL AGRICULTURAL AVIATION BOARD	90,447
	<u>AGRICULTURE AND COMMERCE</u>	
	U.S. Department of Agriculture	
10. UN	CCC - Assistance to Eligible Catfish Producers	18,776,802
10. UN1	Marketing Analysis and Training Program	15,000
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	332,348
10. 163	Market Protection and Promotion	28,402
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,483,593
10. 950	Agricultural Statistics Reports	112,058
	Total U.S. Department of Agriculture	20,748,203
66. 700	Environmental Protection Agency Consolidated Pesticide Enforcement Cooperative Agreements	535,077
	TOTAL AGRICULTURE AND COMMERCE	21,283,280
	<u>ANIMAL HEALTH</u>	
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	621,992
	TOTAL ANIMAL HEALTH	621,992
	<u>ARCHIVES AND HISTORY</u>	
	U.S. Department of the Interior	
15. 904	Historic Preservation Fund Grants-In-Aid	569,941
	TOTAL ARCHIVES AND HISTORY	569,941
	<u>ARTS COMMISSION</u>	
	National Foundation on the Arts and the Humanities	
45. 025	Promotion of the Arts-Partnership Agreements	451,006
45. 026	Promotion of the Arts-Leadership Initiatives	2,176
	Total National Foundation on the Arts and the Humanities	453,182
	U.S. Department of Education	

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
84. 351	Arts in Education	284,624
	TOTAL ARTS COMMISSION	737,806
	ATTORNEY GENERAL	
93. 775	U.S. Department of Health and Human Services State Medicaid Fraud Control Units	1,404,381
	TOTAL ATTORNEY GENERAL	1,404,381
	BD FOR COMMUNITY AND JUNIOR COLLEGES	
17. 261	U.S. Department of Labor Employment and Training Administration Pilots, Demonstrations and Research Projects	2,625,392
84. 002	U.S. Department of Education Adult Education-State Grant Program	6,520,836
	TOTAL BD FOR COMMUNITY AND JUNIOR COLLEGES	9,146,228
	CORRECTIONS	
16. 202	U.S. Department of Justice Offender Reentry Program	235,154
16. 586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	4,260,995
16. 606	State Criminal Alien Assistance Program	25,825
	Total U.S. Department of Justice	4,521,974
	TOTAL CORRECTIONS	4,521,974
	EDUCATION	
10. 550@	U.S. Department of Agriculture Food Donation	14,371,325
10. 553	School Breakfast Program	36,212,274
10. 555	National School Lunch Program	111,529,071
10. 556	Special Milk Program for Children	5,862
10. 558	Child and Adult Care Food Program	26,509,550
10. 559	Summer Food Service Program for Children	4,155,894
10. 560	State Administrative Expenses for Child Nutrition	2,334,571
10. 574	Team Nutrition Grants	24,714
	Total U.S. Department of Agriculture	195,143,261
	U.S. Department of Defense	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
12 UN1	Teacher and Teacher's Aide Placement Assistance Program	103,100
17. 249	U.S. Department of Labor Employment Services and Job Training Pilots - Demonstrations and Research	869,803
23. 011	Appalachian Regional Commission Appalachian State Research, Technical Assistance, and Demonstration Projects	10,816
84. 010	U.S. Department of Education Title I Grants to Local Educational Agencies	148,003,128
84. 011	Migrant Education-State Grant Program	1,321,557
84. 013	Title I Program for Neglected and Delinquent Children	618,327
84. 027	Special Education-Grants to States	83,293,847
84. 044	TRIO-Talent Search	364,282
84. 048	Vocational Education-Basic Grants to States	15,655,305
84. 158	Secondary Education and Transitional Service for Youth with Disabilities	213
84. 173	Special Education-Preschool Grants	4,005,172
84. 184	Safe and Drug-Free Schools and Communities-National Programs	411,608
84. 185	Byrd Honors Scholarships	426,000
84. 186	Safe and Drug-Free Schools and Communities-State Grants	3,781,402
84. 196	Education for Homeless Children and Youth	628,793
84. 213	Even Start-State Educational Agencies	2,523,767
84. 215	Fund for the Improvement of Education	412,594
84. 216	Capital Expenses	88,364
84. 243	Tech-Prep Education	1,083,176
84. 276	Goals 2000 - State and Local Education Systemic Improvement Grants	35,583
84. 281	Eisenhower Professional Development State Grants	195,931
84. 287	Twenty-First Century Community Learning Centers	4,277,344
84. 293	Foreign Language Assistance	30,177
84. 298	State Grants for Innovative Programs	3,911,401
84. 305	Education Research, Development and Dissemination	66,232
84. 318	Education Technology State Grants	5,464,014
84. 326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	209
84. 330	Advanced Placement Program	149,990
84. 331	Grants to States for Incarcerated Youth Offenders	104,483
84. 332	Comprehensive School Reform Demonstration	3,266,215
84. 336	Teacher Quality Enhancement Grants	596,083
84. 338	Reading Excellence	1,039,756
84. 340	Class Size Reduction	1,424,835
84. 342	Preparing Tomorrow's Teachers to Use Technology	56,136
84. 348	Title I Accountability Grants	622,828
84. 350	Transition to Teaching	405,044
84. 352	School Renovation Grants	2,993,117
84. 357	Reading First State Grants	5,815,459
84. 358	Rural Education	5,860,694
84. 365	English Language Acquisition Grants	766,855
84. 366	Mathematics and Science Partnerships	45,857
84. 367	Improving Teacher Quality State Grants	40,303,114
84. 369	Grants for State Assessments and Related Activities	3,206,248
84. 923	ARC - Construction Engineering Technology	24,172
	Total U.S. Department of Education	343,279,312

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	U.S. Department of Health and Human Services	
93. 600	Head Start	181,250
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	171,782
	Total U.S. Department of Health and Human Services	<u>353,032</u>
	Corporation for National and Community Service	
94. 004	Learn and Serve America-School and Community Based Programs	675,660
94. 007	Planning and Program Development Grants	18,140
	Total Corporation for National and Community Service	<u>693,800</u>
	TOTAL EDUCATION	<u>540,453,124</u>
	EMERGENCY MANAGEMENT	
	U.S. Department of Transportation	
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	210,848
	U.S. Department of Energy	
81. 106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	28,719
	Department of Homeland Security	
97. 004	State Domestic Preparedness Equipment Support Program	5,045,081
97. 021	Hazardous Materials Assistance Program	3,287
97. 023	Community Assistance Program State Support Services Element (CAP-SSSE)	119,602
97. 029	Flood Mitigation Assistance	113,875
97. 032	Crisis Counseling	105,780
97. 035	Individual and Family Grants	78,911
97. 036	Public Assistance Grants	10,323,119
97. 039	Hazard Mitigation Grant	6,392,860
97. 042	Emergency Management Performance Grants	2,341,254
97. 051	State and Local All Hazards Emergency Operations Planning	612,279
97. 052	Emergency Operations Centers	1,100
97. 053	Citizen Corps	80,090
	Total Department of Homeland Security	<u>25,217,238</u>
	TOTAL EMERGENCY MANAGEMENT	<u>25,456,805</u>
	EMPLOYMENT SECURITY	
	U.S. Department of Labor	
17. UN	Job Corps	997,177
17. 002	Labor Force Statistics	728,102
17. 203	Labor Certification for Alien Workers	68,714
17. 207	Employment Service	9,139,438

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
17. 225#	Unemployment Insurance	232,053,606
17. 245	Trade Adjustment Assistance-Workers	1,596,845
17. 801	Disabled Veterans' Outreach Program (DVOP)	660,625
17. 804	Local Veterans' Employment Representative Program	1,002,431
	Total U.S. Department of Labor	246,246,938
97. 034	Department of Homeland Security Disaster Unemployment Assistance	10,550
	TOTAL EMPLOYMENT SECURITY	246,257,488
	ENVIRONMENTAL QUALITY	
11. 419	U.S. Department of Commerce Coastal Zone Management Administration Awards	4,559,460
11. 478	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	53,128
	Total U.S. Department of Commerce	4,612,588
12. 113	U.S. Department of Defense State Memorandum of Agreement Program for the Reimbursement of Technical Services	141,685
15. 250	U.S. Department of the Interior Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	63,638
15. 808	U.S. Geological Survey-Research and Data Collection	12,793
15. 810	National Cooperative Geologic Mapping Program	128,040
	Total U.S. Department of the Interior	204,471
17. 600	U.S. Department of Labor Mine Health and Safety Grants	60,050
66. 419	Environmental Protection Agency Water Pollution Control State and Interstate Program Support	1,356,538
66. 433	State Underground Water Source Protection	65,028
66. 436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	30,000
66. 454	Water Quality Management Planning	482,820
66. 458	Capitalization Grants for Clean Water State Revolving Funds	21,154,596
66. 460	Nonpoint Source Implementation Grants	4,043,827
66. 463	Water Quality Cooperative Agreements	101,542
66. 472	Beach Monitoring and Notification Program Implementation Grants	192,073
66. 500	Environmental Protection-Consolidated Research	85,195
66. 605	Performance Partnership Grants	968,267
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	629,707
66. 607	Training and Fellowships for the Environmental Protection Agency	43,611
66. 608	Environmental Information Exchange Network Grant Program	207,300

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	41,647
66. 707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	347,848
66. 708	Pollution Prevention Grants Program	47,078
66. 802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	298,678
66. 804	State and Tribal Underground Storage Tanks Program	202,213
66. 805	Leaking Underground Storage Tank Trust Fund Program	700,578
66. 809	Superfund State and Indian Tribe Core Program Cooperative Agreements	224,766
66. 810	Chemical Emergency Preparedness and Prevention (CEPP)	19,366
66. 817	Technical Assistance Grants Program	163,088
	State and Tribal Response Program Grants	<u>28,503,592</u>
	Total Environmental Protection Agency	
	Department of Homeland Security	
97. 041	National Dam Safety Program	159,108
97. 045	Cooperating Technical Partners	<u>14,098</u>
	Total Department of Homeland Security	<u>173,206</u>
	TOTAL ENVIRONMENTAL QUALITY	<u>33,695,592</u>
	FINANCE AND ADMINISTRATION	
	U.S. Department of Defense	
12. UN	Transfer of Excess Personal Property for Counter-Drug Activities	27,802
	U.S. Department of Justice	
16. 576	Crime Victim Compensation	<u>539,000</u>
	U.S. Department of the Treasury	
21. UN	Jobs and Growth	<u>70,021,928</u>
	General Services Administration	
39. 003@	Donation of Federal Surplus Personal Property	<u>356,211</u>
	TOTAL FINANCE AND ADMINISTRATION	<u>70,944,941</u>
	FORESTRY COMMISSION	
	U.S. Department of Agriculture	
10. 664	Cooperative Forestry Assistance	<u>2,852,704</u>
	TOTAL FORESTRY COMMISSION	<u>2,852,704</u>
	GAMING COMMISSION	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
16. UN2	U.S. Department of Justice Federal Equitable Sharing Program	128,224
	TOTAL GAMING COMMISSION	128,224
	HEALTH	
10. 557	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants and Children	59,410,846
10. 565	Commodity Supplemental Food Program	478,635
	Total U.S. Department of Agriculture	59,889,481
14. 241	U.S. Department of Housing and Urban Development Housing Opportunities for Persons with AIDS	1,283,298
17. 005	U.S. Department of Labor Compensation and Working Conditions	14,050
17. 504	Consultation Agreements	26,226
	Total U.S. Department of Labor	40,276
66. 032	Environmental Protection Agency State Indoor Radon Grants	30,447
66. 432	State Public Water System Supervision	1,509,728
66. 468	Capitalization Grants for Drinking Water State Revolving Funds	7,278,731
66. 471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	398,974
66. 474	Water Protection Grants to the States	62,811
	Total Environmental Protection Agency	9,280,691
84. 181	U.S. Department of Education Special Education-Grants for Infants and Families with Disabilities	4,464,611
93. 003	U.S. Department of Health and Human Services Public Health and Social Services Emergency Fund	3,204,586
93. 110	Maternal and Child Health Federal Consolidated Programs	145,952
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,045,598
93. 127	Emergency Medical Services for Children	69,999
93. 130	Primary Care Services-Resource Coordination and Development	212,769
93. 136	Injury Prevention and Control Research and State and Community Based Programs	584,001
93. 161	Health Program for Toxic Substances and Disease Registry	48,845
93. 217	Family Planning-Services	5,407,257
93. 235	Abstinence Education	1,490,626
93. 241	State Rural Hospital Flexibility Program	422,359
93. 251	Universal Newborn Hearing Screening	247,062
93. 259	Rural Access to Emergency Devices Grant	258,404
93. 268@	Immunization Grants	9,612,557

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	10,026,035
93. 301	Small Rural Hospital Improvement Grants	529,975
93. 576	Refugee and Entrant Assistance-Discretionary Grants	49,198
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	1,093,629
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,393,273
93. 913	Grants to States for Operation of Offices of Rural Health	25,846
93. 917	HIV Care Formula Grants	7,608,775
93. 940	HIV Prevention Activities-Health Department Based	2,567,131
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	353,539
93. 945	Assistance Programs for Chronic Disease Prevention and Control	468,578
93. 952	Improving EMS/Trauma Care in Rural Areas	4,168
93. 977@	Preventive Health Services-Sexually Transmitted Diseases Control Grants	1,766,582
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	278,923
93. 991	Preventive Health and Health Services Block Grant	1,643,279
93. 994@	Maternal and Child Health Services Block Grant to the States	11,220,389
	Total U.S. Department of Health and Human Services	61,779,335
	TOTAL HEALTH	136,737,692
	<u>HUMAN SERVICES</u>	
	U.S. Department of Agriculture	
10. 551@	Food Stamps	355,429,850
10. 561	State Administrative Matching Grants for Food Stamp Program	32,286,337
10. 568	Emergency Food Assistance Program (Administrative Costs)	805,762
10. 569@	Emergency Food Assistance Program (Food Commodities)	4,961,777
10. 570	Nutrition Services Incentive	1,566,431
	Total U.S. Department of Agriculture	395,050,157
	U.S. Department of Labor	
17. 235	Senior Community Service Employment Program	988,542
	U.S. Department of Energy	
81. 042	Weatherization Assistance for Low-Income Persons	1,440,858
	U.S. Department of Health and Human Services	
93. 041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect and Exploitation	21,812
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	59,984
93. 043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	198,435
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	4,385,950
93. 045	Special Programs for the Aging-Title III, Part C-Nutrition Services	4,959,852

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 048	Special Programs for the Aging-Title IV-and Title II- Discretionary Projects	14,791-
93. 052	National Family Caregiver Support	1,652,141
93. 556	Promoting Safe and Stable Families	4,808,603
93. 558	Temporary Assistance for Needy Families	104,291,780
93. 563	Child Support Enforcement	14,804,414
93. 566	Refugee and Entrant Assistance-State Administered Programs	1,483,735
93. 568	Low-Income Home Energy Assistance	14,473,852
93. 569	Community Services Block Grant	10,105,335
93. 570	Community Services Block Grant-Discretionary Awards	29,660
93. 571	Community Services Block Grant Discretionary Awards- Community Food and Nutrition	43,209
93. 575	Child Care and Development Block Grant	31,342,463
93. 576	Refugee and Entrant Assistance-Discretionary Grants	28,734
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	23,360,865
93. 597	Grants to States for Access and Visitation Programs	102,000
93. 643	Children's Justice Grants to States	231,813
93. 645	Child Welfare Services-State Grants	3,680,055
93. 658	Foster Care-Title IV-E	6,625,713
93. 659	Adoption Assistance	3,635,720
93. 667	Social Services Block Grant	16,572,430
93. 669	Child Abuse and Neglect State Grants	335,401
93. 674	Chafee Foster Care Independent Living	778,925
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	364,184
	Total U.S. Department of Health and Human Services	248,362,274
94. 016	Corporation for National and Community Service Senior Companion Program	123,123
	TOTAL HUMAN SERVICES	645,964,954
	LIBRARY COMMISSION	
45. 310	National Foundation on the Arts and the Humanities State Library Program	1,741,162
	TOTAL LIBRARY COMMISSION	1,741,162
	MARINE RESOURCES	
07. UN	Office of National Drug Control Policy High Intensity Drug Trafficking Area (HIDTA)	14,283
11. 407	U.S. Department of Commerce Interjurisdictional Fisheries Act of 1986	89,353
11. 419	Coastal Zone Management Administration Awards	1,484,330
11. 420	Coastal Zone Management Estuarine Research Reserves	564,464
11. 434	Cooperative Fishery Statistics	117,174
11. 452	Unallied Industry Projects	983,846
	Total U.S. Department of Commerce	3,239,167

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	U.S. Department of the Interior	
15. 605	Sport Fish Restoration	916,023
15. 616	Clean Vessel Act	47,088
15. 622	Sportfishing and Boating Safety Act	164,187
	Total U.S. Department of the Interior	1,127,298
	Environmental Protection Agency	
66. 461	Wetland Program Grants	218,885
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	23,817
	Total Environmental Protection Agency	242,702
	TOTAL MARINE RESOURCES	4,623,450
	MEDICAID	
	U.S. Department of Health and Human Services	
93. 256	State Planning Grant-Health Care Access for the Uninsured	417,643
93. 767	State Children's Insurance Program	100,810,814
93. 769	Demonstration to Maintain Independence and Employment	118,691
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,053,575
93. 778	Medical Assistance Program	2,616,445,319
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	140,997
	Total U.S. Department of Health and Human Services	2,718,987,039
	TOTAL MEDICAID	2,718,987,039
	MENTAL HEALTH	
	U.S. Department of Health and Human Services	
93. 048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	121,713
93. 051	Alzheimer's Disease Demonstration Grants to States	141,521
93. 104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,115,488
93. 150	Projects for Assistance in Transition from Homelessness-PATH	343,513
93. 230	Consolidated Knowledge Development and Application (KD&A) Program	2,522,976
93. 238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	110,583
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	1,035,844
93. 779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	518,479
93. 958	Block Grants for Community Mental Health Services	4,310,869
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	14,847,826
	Total U.S. Department of Health and Human Services	25,068,812

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL MENTAL HEALTH	25,068,812
	<u>MILITARY DEPARTMENT</u>	
	U.S. Department of Defense	
	Distance Learning Network	19,682
12 UN3	Military Construction, National Guard	1,977,022
12 400	National Guard Military Operations and Maintenance (O&M)	47,074,453
12 401	Projects	
	National Guard Special Military Operations and Projects	5,154,139
12 402	National Guard Civilian Youth Opportunities	3,567,188
12 404	National Guard Drug Interdiction and Counter Drug Activities	186,929
12 405		
	Total U.S. Department of Defense	57,979,413
	TOTAL MILITARY DEPARTMENT	57,979,413
	<u>MS DEVELOPMENT AUTHORITY</u>	
	U.S. Department of Housing and Urban Development	
	Community Development Block Grants/State's Program	42,039,720
14 228	Emergency Shelter Grants Program	1,579,899
14 231	HOME Investment Partnerships Program	15,788,864
14 239		
	Total U.S. Department of Housing and Urban Development	59,408,483
	U.S. Department of Labor	
	WIA Adult Program	12,078,862
17 258	WIA Youth Activities	15,367,787
17 259	WIA Dislocated Workers	19,865,431
17 260		
	Total U.S. Department of Labor	47,312,080
	Appalachian Regional Commission	
	Appalachian Area Development	217,539
23 002	Appalachian State Research, Technical Assistance, and	196,237
23 011	Demonstration Projects	
	Total Appalachian Regional Commission	413,776
	U.S. Department of Energy	
	State Energy Program	664,428
81 041	Energy Efficiency and Renewable Energy Information	13,508
81 117	Dissemination, Outreach, Training and Technical Analysis/ Assistance	
	State Energy Program Special Projects	184,687
81 119		
	Total U.S. Department of Energy	862,623
	U.S. Department of Education	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
84. 346	Vocational Education-Occupational and Employment Information State Grants	139,311
93. 585	U.S. Department of Health and Human Services Empowerment Zones Program	3,577,371
	TOTAL MS DEVELOPMENT AUTHORITY	111,713,644
	<u>NARCOTICS</u>	
07. UN	Office of National Drug Control Policy High Intensity Drug Trafficking Area (HIDTA)	422,865
16. UN	U.S. Department of Justice Domestic Cannabis Eradication/Suppression Program	157,465
16. UN1	COPS Methamphetamine Grant	708,496
	Total U.S. Department of Justice	865,961
	TOTAL NARCOTICS	1,288,826
	<u>OIL AND GAS BOARD</u>	
66. 433	Environmental Protection Agency State Underground Water Source Protection	187,850
	TOTAL OIL AND GAS BOARD	187,850
	<u>PLANT INDUSTRY</u>	
66. 700	Environmental Protection Agency Consolidated Pesticide Enforcement Cooperative Agreements	28,610
	TOTAL PLANT INDUSTRY	28,610
	<u>PUBLIC SAFETY</u>	
07. UN	Office of National Drug Control Policy High Intensity Drug Trafficking Area (HIDTA)	152,056
16. 523	U.S. Department of Justice Juvenile Accountability Incentive Block Grants	1,540,053
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	399,742
16. 548	Title V-Delinquency Prevention Program	18,749
16. 549	Part E-State Challenge Activities	406
16. 554	National Criminal History Improvement Program (NCHIP)	613,281
16. 564	Crime Laboratory Improvement-Combined Offender DNA Index System Backlog Reduction	732,176
16. 575	Crime Victim Assistance	3,232,612

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
16. 579	Byrne Formula Grant Program	4,913,913
16. 588	Violence Against Women Formula Grants	1,401,564
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	386,824
16. 592	Local Law Enforcement Block Grants Program	600,448
16. 593	Residential Substance Abuse Treatment for State Prisoners	857,073
16. 607	Bulletproof Vest Partnership Program	30,552
16. 727	Enforcing Underage Drinking Laws Program	231,683
	Total U.S. Department of Justice	14,959,076
	U.S. Department of Transportation	
20. UN	Fatal Analysis Reporting System	70,085
20. 217	Motor Carrier Safety	583,986
20. 600	State and Community Highway Safety	7,930,081
	Total U.S. Department of Transportation	8,584,152
	U.S. Department of Education	
84. 186	Safe and Drug-Free Schools and Communities-State Grants	1,080,274
	TOTAL PUBLIC SAFETY	24,775,558
	PUBLIC SERVICE COMMISSION	
	U.S. Department of Transportation	
20. 218	National Motor Carrier Safety	2,039,264
20. 700	Pipeline Safety	288,875
	Total U.S. Department of Transportation	2,328,139
	TOTAL PUBLIC SERVICE COMMISSION	2,328,139
	REHABILITATION SERVICES	
	U.S. Department of Education	
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	38,565,155
84. 169	Independent Living-State Grants	265,464
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	215,190
84. 187	Supported Employment Services for Individuals with Severe Disabilities	220,948
84. 224	Assistive Technology	299,178
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	125,426
	Total U.S. Department of Education	39,691,361
	Social Security Administration	
96. 001	Social Security-Disability Insurance	23,980,849

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
96. 008	Social Security-Benefits Planning, Assistance, and Outreach Program	482,408
	Total Social Security Administration	24,463,257
	TOTAL REHABILITATION SERVICES	64,154,618
	<u>SECRETARY OF STATE</u>	
11. 419	U.S. Department of Commerce Coastal Zone Management Administration Awards	1,200,000
66. 461	Environmental Protection Agency Wetland Program Grants	50,191
	TOTAL SECRETARY OF STATE	1,250,191
	<u>SOIL & WATER CONSERVATION COMMISSION</u>	
10. 902	U.S. Department of Agriculture Soil and Water Conservation	1,992,090
	TOTAL SOIL & WATER CONSERVATION COMMISSION	1,992,090
	<u>STATE FIRE ACADEMY</u>	
97. 038	Department of Homeland Security First Responder Counter-Terrorism Training Assistance	52,923
	TOTAL STATE FIRE ACADEMY	52,923
	<u>SUPREME COURT</u>	
93. 586	U.S. Department of Health and Human Services State Court Improvement Program	53,987
	TOTAL SUPREME COURT	53,987
	<u>TRANSPORTATION</u>	
20. 106	U.S. Department of Transportation Airport Improvement Program	63,000
20. 205	Highway Planning and Construction	370,048,654
20. 505	Federal Transit-Metropolitan Planning Grants	386,548
20. 509	Formula Grants for Other Than Urbanized Areas	5,250,332
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	34,042
	Total U.S. Department of Transportation	375,782,576

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	TOTAL TRANSPORTATION	375,782,576
	TREASURY	
	U.S. Department of Energy	
81. UN1	Petroleum Violation Escrow - Stripper Well	3,656,159
81. UN2	Petroleum Violation Escrow - Citronelle/Exxon	149,349
81. 041	State Energy Program	27,437
	Total U.S. Department of Energy	3,832,945
	TOTAL TREASURY	3,832,945
	VETERANS AFFAIRS BOARD	
	U.S. Department of Veterans Affairs	
64. 124	All-Volunteer Force Educational Assistance	69,788
	TOTAL VETERANS AFFAIRS BOARD	69,788
	WILDLIFE, FISHERIES AND PARKS	
	U.S. Department of Defense	
12. UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-500. DACW01-3-91-543. DACW01-3-92-410, DACW01-3-91-411. DACW38-91-H-007 and DACW38-91-H-010.)	1,446,384
	U.S. Department of the Interior	
15. 605	Sport Fish Restoration	5,775,931
15. 611	Wildlife Restoration	604,153
15. 612	Rare and Endangered Species Conservation	451,902
15. 916	Outdoor Recreation-Acquisition, Development and Planning	590,406
	Total U.S. Department of the Interior	7,422,392
	U.S. Department of Transportation	
20. 219	Recreational Trails Program	801,093
	Department of Homeland Security	
97. 012	Boating Safety Financial Assistance	948,029
	TOTAL WILDLIFE, FISHERIES AND PARKS	10,617,898
	TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ 5,147,397,092

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2004

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
------------------------	---	---

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$166,301,198 and federal expenditures of \$65,752,408. Federal expenditures consist of both cash and noncash benefits.

@Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**Notes to the
Schedules of Expenditures of Federal Awards**



STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1: PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.

- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.
- Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. According to the state's Single Audit Report for the fiscal year ended June 30, 2004, federal expenditures, distributions or issuances totaled \$5,147,397,092. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$15,442,191. For the fiscal year 2004 audit, four Type A programs were identified as low risk. Risk assessments of Type B programs were performed until four high risk Type B programs were identified. Twenty-four federal award programs, comprising 20 high risk Type A programs and four high risk Type B programs, were audited as major programs for the State of Mississippi.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.
- B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs of the Mississippi Authority for Educational Television and for those programs accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2004. The Mississippi Authority for Educational Television engaged other auditors to perform an audit in accordance with OMB Circular A-133, and a separate report was issued October 1, 2004. Expenditures of federal awards provided to the state's public universities and related entities were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report is scheduled to be issued by March 30, 2005.
- C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary funds. Governmental funds are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting and proprietary funds by using the economic resources measurement focus and the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based on an estimated average fair market value of 23.3 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2004, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The state issues food stamp benefits in both paper and electronic form. When issued in paper form, benefits are valued based on the face amount of the food stamps and are recognized as expenditures when the food stamps are distributed to recipients. When issued in electronic form, food stamps benefits are recognized as expenditures when recipients use the benefits.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:
1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
 2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

NOTE 3: OTHER

- A. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying schedules of expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$356,211. These distributions were valued based on an estimated average fair market value of 23.3 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2004, as charges for sales and services of \$311,000. The amount was based upon handling and shipping costs at the date of transfer to the state.
- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's Program include disbursements made for new loans totaling \$921,191. Program income generated by the program in previous years was used to make these new loan payments. In subsequent years, the program income generated from the repayment of these loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2004, the outstanding loan balance for the program totaled \$11,014,502.
- D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$ 166,301,198
Federal Portion	<u>65,752,408</u>
Total	\$ <u>232,053,606</u>

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2004, was \$217,514,168. Total disbursements for new loans for the year ended June 30, 2004, totaled \$28,511,824. Administrative costs associated with the program for the year ended June 30, 2004, totaled \$1,367,361.
- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - include loans to counties, municipalities and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received, these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2004, was \$66,695,183. Total disbursements for new loans made during fiscal year 2004 totaled \$13,852,408. Administrative costs associated with the program for the year ended June 30, 2004, totaled \$1,052,071.
- G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$31,498,865 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.
- H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with an @ to the right of the CFDA number except for CFDA 17.225, which is identified with an # to the right of the CFDA number. A listing of these programs follows:

<u>CFDA Number</u>	<u>Program Name</u>
10.550	Food Donation
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
17.225	Unemployment Insurance
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
93.994	Maternal and Child Health Services Block Grant to the States

Note:

- *CFDA 10.570 — Nutrition Services Incentive is normally a noncash grant; however, the State of Mississippi elected to receive the cash instead (per the grant award).*

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- *CFDA 17.225 - Unemployment Insurance received \$65,752,408 in federal funding, including cash assistance and noncash assistance. Cash assistance totaled \$65,097,082 and noncash assistance totaled \$655,326.*
- *CFDA 93.268 — Immunization Grants received \$9,612,557, including cash assistance and noncash assistance. Cash assistance totaled \$3,205,211 and noncash assistance totaled \$6,407,346.*
- *CFDA 93.977 — Preventive Health Services - Sexually Transmitted Diseases Control Grants received \$1,766,582, including cash assistance and noncash assistance. Cash assistance totaled \$1,646,848 and noncash assistance totaled \$119,734.*
- *CFDA 93.994 - Maternal and Child Health Services Block Grant to the States received \$11,220,389, including cash assistance and noncash assistance. Cash assistance totaled \$11,134,552 and noncash assistance totaled \$85,837.*

- I. The State of Mississippi's major federal programs for the year ended June 30, 2004, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA Number	Program Name
10.UN	CCC-Assistance to Eligible Catfish Producers
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.239	HOME Investment Partnerships Program
17.225	Unemployment Insurance
	WIA Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (concluded)**

20.205	Highway Planning and Construction Cluster: Highway Planning and Construction
21.UN	Jobs and Growth
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.298	State Grants for Innovative Programs
93.558	Temporary Assistance for Needy Families
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.991	Preventive Health and Health Services Block Grant
97.036	Public Assistance Grants

Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results



STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the state's public universities and the Mississippi Authority for Educational Television, for which separate reports were issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☒ yes ☐ no

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (continued)

Identification of major programs:

CFDA	
<u>Number</u>	<u>Program Name</u>
10.UN	CCC - Assistance to Eligible Catfish Producers
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.239	HOME Investment Partnerships Program
17.225	Unemployment Insurance
	WIA Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
21.UN	Jobs and Growth
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.298	State Grants for Innovative Programs
93.558	Temporary Assistance for Needy Families

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (concluded)

<u>CFDA Number</u>	<u>Program Name</u>
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.991	Preventive Health and Health Services Block Grant
97.036	Public Assistance Grants

Dollar threshold used to distinguish between
Type A and Type B programs:

\$15,442,191

Auditee qualified as low-risk auditee?

____ yes X no

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Schedule of Findings and Questioned Costs
Part 2 - Financial Statement Findings



STATE OF MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents reportable conditions that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

No findings were noted.

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Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings
and Questioned Costs



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2004

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510(a) of OMB Circular A-133.

Findings are grouped by federal funding agency and then organized by state agency. Findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one of the following designations:

- **Immaterial Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.
- **Reportable Condition** – Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor's judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U. S. DEPARTMENT OF AGRICULTURE

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

10.558

Child and Adult Care Food Program

Federal Award Number and Year: CN04-1099, 2004

04-02

Controls over the Classification of Program Expenditures Should Be Strengthened

Finding:

The Mississippi Department of Education - Office of Child Nutrition administers the Child and Adult Care Food Program (CACFP) which initiates and maintains non-profit food service programs for eligible children and adults in nonresidential day care settings. Federal assistance to institutions takes the form of cash reimbursement for meals served and cash in lieu of commodities. An institution's entitlement to cash reimbursement is computed by multiplying the number of meals served by category (free, reduced, paid) and type (breakfast, lunch, snack, supper) by prescribed per-unit reimbursement rates. The entitlement to cash in lieu of commodities is based on the number of lunches and suppers served. Each month the agency is required to submit a Report of the Child and Adult Care Program (FNS 44) that presents the number of meals served, by category and type, in institutions participating in the program. The program must also submit a quarterly Financial Status Report (SF 269) on the use of funds.

During testwork on 40 CACFP claims and statements of reimbursement, we encountered eight instances, or 20 percent, in which the reporting category used for reporting meals by category and type was incorrect. Although the total reimbursement to each subrecipient was correct, the reporting category for meal reimbursement (N214) was understated while the reporting category for cash in lieu of commodities reimbursement (N164) was overstated by the same amount. A problem with the Office of Child Nutrition on-line claims application system had already been detected by agency staff. However, the problem was unresolved at the time of the testwork. Failure to correctly classify and report program expenditures by category could impede the oversight responsibility of the federal grantor agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U. S. DEPARTMENT OF AGRICULTURE (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Education – Office of Child Nutrition implement necessary changes to the on-line claims application system to ensure reimbursements are properly classified as to reporting category.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**CFDA/Finding
Number**

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

04-11

Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

The *Code of Federal Regulations* (24 CFR Part 92.201) requires the Mississippi Development Authority (MDA) to conduct such reviews and audits of its State recipients as may be necessary or appropriate to determine compliance for the HOME Investment Partnerships Program. As further guidance for this regulation, the U.S. Department of Housing and Urban Development (HUD) issued a HOME Program Model entitled "Monitoring HOME Program Performance." This document requires MDA to perform on-site monitoring visits using risk factors to set monitoring priorities. The MDA has developed monitoring procedures which require an on-site visit to take place at least once during the life of a project to ensure compliance with all applicable federal regulations.

Testwork performed on 15 projects which closed prior to or during fiscal year 2004 to review the agency's adherence to its prescribed procedures for subrecipient on-site monitoring visits revealed the following weaknesses:

- Four instances in which the "Compliance Review" form, which documents supervisory review and approval of the monitoring visit and forms prepared by MDA monitors, did not have all required supervisory approvals documented.
- One instance in which the "Monitoring Response Review" form, which documents supervisory review and approval of the subrecipient's response to findings noted, did not appear in the monitoring file.
- One instance in which a subrecipient's response to monitoring findings did not appear in the monitoring file. There was no documentation on file indicating any attempts by MDA to obtain this response.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- One instance in which a subrecipient's monitoring file could not be located by MDA.
- One instance was noted in which the "Financial Management/IDIS Monitoring" checklist was not complete. Even though several questions were not answered on the checklist, the supervisor responsible for reviewing the "Financial Management/IDIS Monitoring" checklist signed off on the "Compliance Review" form indicating his review and approval.

Good internal controls dictate a supervisory review be performed on monitoring workpapers and reports to ensure completeness and propriety. Good internal controls also dictate agency personnel ascertain a monitoring response is received from the subrecipient in a timely manner. Finally, agency personnel should ensure all files are available for review. Without effective supervisory review procedures, potential subrecipient noncompliance could occur and not be promptly detected.

Recommendation:

We recommend the Mississippi Development Authority strengthen its existing internal controls for subrecipient monitoring. Greater care should be taken during the supervisory review process to ensure the completeness and availability of monitoring files.

MISSISSIPPI DEVELOPMENT AUTHORITY

SPECIAL TESTS AND PROVISIONS

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

04-13

Controls over Period of Affordability Inspections Should Be Strengthened

Finding:

The *Code of Federal Regulations* (24 CFR 92.504) requires the participating jurisdiction to perform on-site inspections during the period of affordability. The period of affordability is the period for which the non-federal entity must maintain rental housing assisted with HOME Investment Partnerships Program funds. The purpose of these inspections is to ensure compliance with housing quality standards per the *Code of Federal Regulations* (24 CFR 92.251 and 92.252).

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Testwork performed at the Mississippi Development Authority on 10 projects to ensure these on-site inspections were completed revealed the following:

- Three on-site inspections required to be performed during fiscal year 2004 had not been performed.
- One instance was noted in which the agency could not locate the period of affordability on-site inspection file; therefore, no testwork could be performed.
- One instance was noted in which there was no indication of supervisory review of the period of affordability on-site inspection by management.
- In addition, testwork performed to ensure the propriety of the agency's period of affordability inspection tracking document revealed five closed projects which should have been included on the document were not included.

Good internal control procedures dictate supervisory personnel ensure the period of affordability inspection tracking document is proper and ensure the required inspections are performed by agency personnel. Good internal controls also dictate proper supervisory reviews be performed of inspection documents and that all files be maintained. Failure to ensure the propriety of the period of affordability inspection tracking document could result in nonperformance of the required inspections, and failure to ensure the required inspections are performed and reviewed by supervisory personnel could result in housing quality standards not being properly maintained.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal control procedures to ensure the period of affordability inspection tracking document is proper and period of affordability inspections are conducted in compliance with federal regulations for the HOME Investment Partnerships Program. We further recommend the agency ensure a supervisory review is performed on all inspections and the inspection files are properly maintained.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF LABOR

**CFDA/Finding
Number**

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

REPORTING

Reportable Condition

17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers

Federal Award Number and Year: Various

04-10

Controls over Reporting Should Be Strengthened

Finding:

The Mississippi Development Authority (MDA) is required to submit quarterly financial status reports to the U.S. Department of Labor (DOL) for the Workforce Investment Act (WIA) programs. A separate report is required for each of its funding streams, e.g., Adult Program, Youth Activities, Dislocated Workers, etc., by program year allotment and fiscal year allotment. These reports are initially prepared by accounting personnel and are submitted to program personnel for their review and certification.

Testwork performed on 11 financial status reports for the quarter ending March 31, 2004, out of 132 reports submitted to DOL during fiscal year 2004 revealed the following:

- Four instances were noted in which the "Total Outlays" and "Federal Unliquidated Obligations" amounts reported on the financial status reports submitted and certified by agency personnel did not agree to the accounting records. There was no support for changes made on the certified reports by program personnel. These changes increased "Total Outlays" and decreased "Federal Unliquidated Obligations" by the same amount. The amount of changes made ranged from \$49,150 to \$1,311,716.
- Three instances were noted in which the "Federal Unliquidated Obligations" and the "Unobligated Balance of Federal Funds" amounts reported on the financial status reports submitted and certified by agency personnel did not agree to the accounting records. There was no support for changes made on the certified reports by program personnel.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF LABOR (continued)

**CFDA/Finding
Number**

Finding and Recommendation

These changes increased “Federal Unliquidated Obligations” and decreased the “Unobligated Balance of Federal Funds” by the same amount. The amounts of changes made ranged from \$4,013 to \$1,500,000.

- One instance was noted in which the “Total Federal Outlays,” the “Federal Unliquidated Obligations,” and the “Unobligated Balance of Federal Funds” amounts reported on the financial status report submitted and certified by agency personnel did not agree to the accounting records. There was no support for changes made on the certified reports by program personnel. These changes increased “Total Federal Outlays” by \$950,850 and decreased “Federal Unliquidated Obligations” and “Unobligated Balance of Federal Funds” by \$914,735 and \$36,115, respectively.

As a result of these discrepancies, we selected three additional financial status reports for the quarter ending June 30, 2004, and found that the amounts reported on the certified reports agreed to the accounting records. Good internal controls dictate any changes made to certified federal reports be adequately supported. Lack of adequate documentation supporting any changes could result in the submission of incorrect figures to the federal granting agency.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls over reporting by ensuring amounts reported on quarterly financial status reports are properly supported prior to submission to the U.S. Department of Labor.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF LABOR (continued)

**CFDA/Finding
Number**

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers

Federal Award Number and Year: Various

04-12	<u>Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened</u>
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Finding:

The Mississippi Development Authority provided \$300,000 or more of federal financial assistance to multiple subrecipients through the Workforce Investment Act (WIA) programs during fiscal year 2002. The Office of the Management and Budget (OMB) Circular A-133 requires the pass-through entity (primary recipient of federal funds) to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report performed in accordance with OMB Circular A-133 from each subrecipient expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in federal awards in a fiscal year. The audit reports are to be submitted to the primary agency within nine months after the end of the subrecipient's fiscal year. In addition, the primary recipient must issue a management decision on audit findings within six months after receipt of the audit report and ensure the subrecipient took appropriate and timely corrective action.

Testwork performed during the fiscal year 2004 audit on subrecipient audits received and reviewed by the agency for subrecipient audit year 2002 revealed the following:

- One instance out of seven tested, or 14 percent, was noted in which the agency did not complete its audit review checklist to ensure the audit contained the proper information.
- Five instances of seven tested, or 71 percent, were noted in which it could not be determined if the audit reports were received by the agency within the nine-month deadline. The agency did not utilize a tracking document nor did it date stamp the audit reports to document the date of receipt by the agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF LABOR (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Without adequate controls over the submission of audit reports and completion of audit reviews, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected promptly.

Recommendation:

We recommend the Mississippi Development Authority strengthen controls to ensure subrecipient audit reports are received timely and audit reviews are completed for every audit submitted.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION

**CFDA/Finding
Number**

Finding and Recommendation

TRANSPORTATION

DAVIS-BACON ACT

Reportable Condition

20.205 Highway Planning and Construction

Federal Award Number and Year: Various

04-01 Internal Controls Should Be Strengthened over Davis-Bacon Act Requirements

Finding:

The Davis-Bacon Act requires all laborers and mechanics employed by contractors or subcontractors who work on construction contracts in excess of \$2,000 financed by federal assistance funds be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (40 USC 276a to 276a-7). Non-federal entities are required to include in their construction contracts which are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the Department of Labor regulations (29 CFR Part 5), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction". This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Standard operating procedures (S. O. P. No. CAD-07-01-00-000) established by the Mississippi Department of Transportation, require each contractor and subcontractor working on a federal aid project to submit to the project engineer two copies of the "Weekly Summary of Wage Rates" (CAD-880) on a weekly basis. The project engineer is required to verify the information on the CAD-880 by comparing to the daily diaries which detail the work on the project. The CAD-880 is then submitted to the contract compliance officer who reviews and maintains all Davis-Bacon payroll files.

Testwork performed on 40 payrolls from federal aid projects during fiscal year 2004 revealed the following:

- Three instances in which copies of the payrolls were not on file.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Five instances in which the log-in cards used to document receipt of the payrolls could not be located.
- One instance in which the receipt of the payroll was not logged in on a card.
- One instance in which the number of hours worked recorded on the payroll differed from the number of hours worked per the project diary by eight hours.

Good internal control procedures require the receipt of payrolls be recorded on the log-in cards and copies of the payrolls and log-in cards be maintained to document compliance with the Davis-Bacon Act. The failure to practice good internal controls could result in improper wages being paid and non-compliance with the Davis-Bacon Act.

Recommendation:

We recommend the Mississippi Department of Transportation strengthen controls over the Davis-Bacon Act requirements. The agency should ensure copies of all payrolls are logged in when received, properly reviewed for accuracy and maintained on file. We further recommend the agency maintain the log-in cards in order to document the monitoring procedures performed over contractor and subcontractor payrolls.

TRANSPORTATION

DAVIS-BACON ACT

Reportable Condition

20.205

Highway Planning and Construction

Federal Award Number and Year: Various

04-09

Controls Should Be Strengthened over Davis-Bacon Act Requirements

Finding:

Federal regulations state that non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the Department of Labor regulations (29 CFR Part 5), "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction."

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

These regulations include a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

We tested a total of 40 payroll weeks from 27 projects selected for review at the Mississippi Department of Transportation - Office of State Aid Road Construction and noted the following:

- Two out of 27 projects for which the agency had not received the required wage and payroll documents for two prime contractors.
- Four out of 40 weeks in which the required wage and payroll documents were not received for subcontractors on four projects.
- One out of 40 weeks in which the hours worked per the project diaries (county engineer's document of daily activities) differed from the wage and payroll documentation by eight hours.

The agency's standard operating procedures (S.O.P. No. SAD II-2-10) states each contractor and subcontractor working on a federally funded project will submit weekly one copy of the "Weekly Summary of Wage Rates" (CAD-880) to the county engineer and one copy to the agency. If no work is performed during the week, the CAD-880 should be submitted with the statement "No Work Performed During This Period" typed or written on the form. Weekly payroll sheets must accompany the CAD-880, except when no work is performed during the week.

Good internal controls dictate procedures should be in place to ensure all required wage and payroll documents are received timely. Without these documents, the agency cannot determine whether laborers employed on federally funded projects are being paid in compliance with the requirements of the Davis-Bacon Act.

Recommendation:

We recommend the Mississippi Department of Transportation - Office of State Aid Road Construction strengthen controls over Davis-Bacon Act requirements. The agency should ensure copies of payrolls and supporting documentation are received from the contractors and subcontractors on a weekly basis and reviewed. Receipt and review of the wage reports should be documented.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

84.027
84.173

Special Education – Grants to States
Special Education – Preschool Grants

Federal Award Number and Year: EH027A020108, 2002
EH027A030108, 2003

04-03

Controls over Input of Revised Budget Allocations Should Be Strengthened

Finding:

The Mississippi Department of Education – Office of Special Education is responsible for subgranting funds to local educational agencies (LEAs) from the Special Education – Grants to States and Special Education – Preschool Grants programs. Each LEA must submit an application for approval which includes a budget specifying how the funds will be used, statements of assurances and other required documentation. Initially, the agency will establish a budget amount for the LEA in the accounting system. After review is performed on the application, a revised budget amount may be approved. Testwork on 60 subgrant applications revealed three instances in which the LEA's budget was revised but the revised budget was not input to the Statewide Automated Accounting System (SAAS). Good internal controls require personnel to ensure the approved budget for each LEA is properly input to SAAS. Lack of adequate controls to ensure the final approved budget is properly input to SAAS could allow a LEA to incur questioned costs by drawing funds in excess of the approved budget.

Recommendation:

We recommend the Mississippi Department of Education – Office of Special Education strengthen controls over the Special Education – Grants to States and Special Education – Preschool Grants programs to ensure the final approved budget for each LEA is properly input to the Statewide Automated Accounting System.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

84.027
84.173

Special Education – Grants to States
Special Education – Preschool Grants

Federal Award Number and Year: H027A030108, 2003
H173A030113, 2003

04-04

Controls over Earmarking Requirements Should Be Strengthened

Finding:

Program regulations for the Special Education – Grants to States (Part B) and Special Education – Preschool Grants (Preschool) programs require the Mississippi Department of Education to allocate a portion of grant funding, commonly known as “minimum flow-through funds”, to the various local educational agencies (LEAs) within the State. The minimum flow-through funds are allocated based on a formula comprised of three components. The first component is a fixed base amount calculated on a count of the number of children with disabilities receiving special education and related services in December 1998 (for Part B) and December 1996 (for Preschool). The second component is an amount based on total elementary and secondary student enrollment in both public and private schools. The third component is an amount based on the number of students living in poverty.

Testwork performed on minimum flow-through allocations to LEAs for the 2003 Part B and Preschool grant awards revealed the following:

- The Part B base allocations were correctly calculated by agency personnel but we noted the calculated allocations were not properly input to the Statewide Automated Accounting System (SAAS) project budget tables. We also noted the project agreements forwarded to the LEAs were incorrect. Our testwork revealed 17 subrecipients were under funded by a total \$18,990. Due to time constraints, it was not practical for the auditor to document and compare all 163 Part B LEA allocations on the computer spreadsheet to the project agreements and SAAS tables.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- The Preschool base allocations did not include the correct student enrollment figures. Consequently, base allocations to the LEAs were incorrectly calculated. Five of the preschools were over funded by a total of \$744.73 and 149 preschools were under funded by the same amount.

As a result of the errors noted, it appears the agency may fail to achieve the minimum flow-through funds earmarking requirement. Reasonable management practices dictate that procedures be implemented to ensure the LEA allocations are accurately calculated, project agreements are correct and approved allocations are correctly input to SAAS budget tables.

Recommendation:

We recommend the Mississippi Department of Education – Office of Special Education strengthen controls to ensure the entry of data into the agency's computer spreadsheet is reviewed for accuracy and completeness. Procedures should be implemented to ensure the calculated base allocations are incorporated into the actual amounts awarded to the subrecipients. All independent reviews should be documented.

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition
Immaterial Noncompliance

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A030024, 2003

Questioned Costs: \$44,426

04-05

Controls over Maintenance of Effort Requirements Should Be Strengthened

Finding:

The Elementary and Secondary Education Act (ESEA), Section 9521 (20 USC 7901), requires the state educational agency to reduce the amount of allocation of Title I Grants to local educational agencies (LEA) program funds for a LEA in any fiscal year in which the LEA fails to maintain level of effort. The allocation will be reduced in the exact proportion by which the LEA fails to maintain level of effort by falling below 90 percent of both the combined fiscal effort per-pupil and aggregate expenditures.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

The Mississippi Department of Education – Office of Innovative Support utilizes a spreadsheet which calculates the amount expended by each school district for per-pupil and aggregate spending. The spreadsheet calculates the percentage change for each category. Our review of the spreadsheet documenting each of the LEA's maintenance of effort revealed the percentage change for 151 of the 152 LEAs was incorrectly calculated. The original spreadsheet showed that all school districts met the maintenance of effort requirement when comparing the previous two fiscal years. After we brought the errors to the attention of agency personnel, a revised spreadsheet was calculated. Using the corrected spreadsheet, we noted that one school district failed to meet the maintenance of effort requirement. The fiscal year 2004 allocation for the school district should have been decreased by \$44,426.

Good internal controls dictate procedures be in place to ensure a LEA's maintenance of effort is correctly calculated and the allocation of funds is adjusted in a timely manner if level of effort is not maintained. Failure to ensure maintenance of effort by a LEA during the application approval process increases the risk that federal noncompliance could exist and go undetected.

Recommendation:

We recommend the Mississippi Department of Education – Office of Innovative Support strengthen its internal controls to ensure each local educational agency's maintenance of effort is correctly calculated and the allocation of funds is properly reduced if the level of effort is not maintained. The independent review of the calculations should be documented prior to the application approval process.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

Immaterial Noncompliance

84.027
84.173

Special Education – Grants to States
Special Education – Preschool Grants

Federal Award Number and Year: H027A010108, 2001
H173A030113, 2003

04-06

Controls over Compliance with Earmarking Requirements Should Be Strengthened

Finding:

The Mississippi Department of Education – Office of Special Education administers the Special Education – Grants to States and Special Education –Preschool Grants programs. The grant award documents for these programs indicate the minimum amount of funds the State must distribute to its local educational agencies (LEAs) for formula and capacity building subgrants as well as the maximum amount that can be expended for administration and other state-level activities. During the audit of fiscal year 2004, we noted the agency had not developed adequate procedures to ensure the required budget allotment of funds was correctly determined and input to the accounting system. During testwork on the earmarking requirement for the federal fiscal year 2001 Special Education – Grants to States program, we noted the amount budgeted and expended in the Statewide Automated Accounting System (SAAS) for other state-level activities by the agency exceeded the maximum allowed by \$546,771 and the amounts budgeted and expended for capacity building and formula subgrants failed to reach the minimum required by \$521,877 and \$25,177, respectively. During the testwork on the earmarking requirement for the federal fiscal year 2003 Special Education – Preschool Grants program, we noted the amount budgeted in SAAS for administration exceeded the maximum allowed by \$39,633. Because the federal fiscal year 2003 was still ongoing at the time of audit testwork, actual expenditures had not exceeded the maximum amount allowed. Failure to properly calculate budgetary limits in SAAS could result in noncompliance by the Mississippi Department of Education with the maximum/minimum earmarking requirements mandated by the United State Department of Education.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

After these problems were brought to the attention of management, agency personnel were able to make corrections to the 2001 grant by adjusting state-level activities to non-federal source funds to decrease the federal expenditures to comply with the maximum amount allowed. Likewise, state funds were used to satisfy the minimum amounts required for capacity building and formula subgrants. For the 2003 grant, the agency adjusted budgeted amounts for administrative expenditures to comply with federal regulations. Because adjustments were made at the time of audit testwork, no costs were questioned.

Recommendation:

We recommend the Mississippi Department of Education – Office of Special Education strengthen controls over the earmarking of Special Education - Grants to States and Special Education - Preschool Grants funds. Calculations for budgetary allotments should be reviewed and approved by an independent person.

EDUCATION

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Reportable Condition

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A050024, 2002

04-07

Controls over Carryover Requirements Should Be Strengthened

Finding:

The Elementary and Secondary Education Act, Section 1127 (20 USC 6339), requires the state educational agency (SEA) and the local educational agency (LEA) to obligate funds during the 27 month period, extending from July 1 through September 30, of the second fiscal year for the Title I Grants to Local Educational Agencies program. This maximum period includes a 15-month period of initial availability for obligation plus a 12-month period for the carryover of unobligated funds. A LEA receiving \$50,000 or more in Title I, Part A funds cannot carry over more than 15 percent of its allocation for the project year. A SEA may grant a waiver to a LEA no more than once every three years to allow a LEA to carry over funds in excess of the 15 percent limitation.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

The Mississippi Department of Education – Office of Innovative Support (MDE-OIS) developed a spreadsheet to track each LEA's expenditures, available allotment balance, and the amount in excess of the allowed 15 percent carryover. At the close of September, the schools which appear to have 15 percent or more of their allotment balance available are required to submit a Verification of Carryover Form by the first week of November to document/certify expenditures as well as obligations/commitments. If the available balance is in excess of the allowed carryover percentage, the LEA must also submit a waiver request signed by the superintendent, for MDE-OIS consideration and approval. Testwork performed for fiscal year 2004 revealed that the agency had not maintained a documented list of waivers granted to LEAs in prior years. Therefore, we could not determine if the agency had approved a waiver to a LEA during the previous two years.

Good internal controls dictate that adequate procedures be in place to ensure compliance with program requirements. Without a listing of LEAs previously granted waivers, the Mississippi Department of Education – Office of Innovative Support could allow a LEA to exceed the spending authority approved by program regulations by allowing a LEA to carry over funds in excess of 15 percent of its allocation more than one time in three years.

Recommendation:

We recommend the Mississippi Department of Education - Office of Innovative Support strengthen procedures to ensure compliance with the 15 percent carryover limitation by maintaining a listing of LEAs previously granted waivers. Procedures should ensure waivers are not granted more than once in a three-year period.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A050024, 2004

04-08

Controls over Reporting Should Be Strengthened

Finding:

Section 1116(c) of the Elementary and Secondary Educational Act (20 USC 6316(c)) requires a state educational agency (SEA) to annually review the progress of each local educational agency (LEA) receiving funds under Title I Grants to Local Educational Agencies program to determine whether schools are making adequate yearly progress. The SEA must report annually to the Secretary of the United States Department of Education and make certain information widely available within the State, including the number and names of each school identified for improvement under Section 1116(b), the reason why each school was so identified, and the measures taken to address the achievement problems of each school. The SEA must prepare and disseminate an annual state report card that contains information on the performance of LEAs regarding adequate yearly progress. In addition, the SEA must ensure that each LEA collects the data necessary to prepare its annual report card (Sections 1111(h)(1) and (4)).

The Mississippi Department of Education - Office of Innovative Support is responsible for collecting, compiling and determining the accuracy of the information obtained about the number and names of schools and LEAs in need of improvement. Testwork performed on the Consolidated State Performance Report (Parts I and II) for school year 2002-2003 revealed the absence of supporting documentation for pertinent data in Part II. We also noted the absence of a documented supervisory review and approval of the report prior to submission to the federal grantor agency.

Good internal controls require source documentation be maintained for audit purposes and federal reports be given a documented supervisory review prior to submission. Without supporting documentation, we were unable to determine if the data in Part II was accurate and complete. Failure to provide a properly documented supervisory review could allow errors to occur without being detected promptly.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Education – Office of Innovative Support strengthen controls over the preparation of the Consolidated State Performance Report by ensuring supporting documentation is maintained for all data included in the report. We further recommend a documented supervisory review be performed prior to submittal of the report to the federal grantor agency.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**CFDA/Finding
Number**

Finding and Recommendation

FINANCE AND ADMINISTRATION

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.UN

Various

Federal Award Number and Year: Various
Questioned Costs: To be Determined

04-23

Transfers from Self-Insurance Funds Should Not Include Federal Funds

Finding:

Chapter 556 General Laws of Mississippi 2003 Regular Legislative Session, directed the State Treasurer to transfer to the Budget Contingency Fund, monies from various funds. Included in this list were the following self-insurance funds and respective amounts that were transferred:

Fund 3080 - Tort Claims Fund (\$14,000,000), and
Fund 3644 - Employment Compensation Revolving Fund (\$1,000,000).

As directed in the approved legislation, the Department of Finance and Administration processed these transfers during the months of July 2003 and January 2004. Section 25.d (5) of Office of Management and Budget (OMB) Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* states "Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer."

Contributions from some of the agencies which participate in these two self-insurance reserve funds are partially funded with monies drawn from various federal government grant sources. As such, the federal percentage of contributions related to these transfers from these self-insurance reserve funds should be repaid to the federal government as required under Section 25.d (5) of OMB Circular A-87.

Recommendation:

The Department of Finance and Administration should review the activity of these self-insurance funds and make a determination as to what amount should be refunded to the federal government, as required by OMB Circular A-87.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<u>MEDICAID</u>
	ALLOWABLE COSTS/COST PRINCIPLES
	<i>Reportable Condition</i>
93.778	Medical Assistance Program Federal Award Number and Year: 05-0405MS5028, 2004
04-14	<u>Controls Should Be Strengthened over Federal Cash Draws</u> <i>Finding:</i> The Office of the Governor - Division of Medicaid received an enhancement to the federal medical assistance percentage (FMAP) rate, which is the rate used to calculate the federal cash draws, of 2.95 percent effective the last quarter of federal fiscal year 2003 and the first three quarters of federal fiscal year 2004. The grant award noted disproportionate share (DSH) payments were not eligible for the enhanced FMAP percentage. During our review of federal cash draws for the period July 1, 2003, to May 20, 2004, we noted instances in which the agency had incorrectly drawn for DSH payments using the enhanced rate. The net amount overdrawn by the agency due to the use of the enhanced rate for DSH payments and DSH refunds totaled \$4,584,027. In addition, we noted the agency received a grant award on June 24, 2003, in the amount of \$21,925,000 to support the increase in the federal medical assistance percentage (FMAP) of 2.95 percent for expenditures incurred during the period April 1, 2003, to June 30, 2003. Testwork revealed the agency should have drawn additional federal funds for these expenditures in the amount of \$20,091,536; however, the agency drew the entire grant award amount of \$21,925,000 on August 6, 2003. Therefore, the agency overdraw federal funds in the amount of \$1,833,464. As a result of the two errors noted above, the agency overdraw federal funds in the amount of \$6,417,491. It should be noted the agency corrected these errors by reducing a subsequent federal cash draw when the auditor brought it to the attention of Division of Medicaid personnel.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls over federal cash draws to ensure they are calculated using the correct federal medical assistance percentage. In addition, all federal cash draws should be supported by actual expenditures incurred. We further recommend the agency contact the federal grantor agency for a determination of any interest owed to the federal government as a result of the amounts overdrawn.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004

04-15

Controls Should Be Strengthened over Computer Edits

Finding:

The Office the Governor - Division of Medicaid uses the Medicaid Management Information System (MMIS) to process claims for medical services. Computer edits are designed to prevent errors such as the processing of claims with inaccurate or missing data, duplicate claims and processing of claims in excess of a beneficiary's service limit as defined in the Mississippi Medicaid State Plan (State Plan). The Online Update Activity Report (RG010 report) lists changes which have been made within various areas of the MMIS system. It is possible to search the report under the title "Claims Exception Disposition Table" for the changes which have been made to edits. In addition, the claims exception control screen within the MMIS allows a user to see the current status of an edit.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

We identified 115 specific edits which we considered significant for five claim types: inpatient hospital, nursing facility, outpatient hospital, physician and pharmacy. Our testwork on the significant edits revealed inconsistencies between the information shown by the RG010 report and the claims exception control screen in the MMIS on 66 edits. For example, for edit 129 "Beneficiary ID is Missing" for inpatient hospital claims, the RG010 report documents the edit was changed from "deny and report" to "pay" on June 4, 2004; however, the claims exception control screen for the edit showed the last update made to the edit was on May 1, 2003, and the edit was set to "deny and report." It appears the RG010 report was not accurately reflecting the activity occurring within the system. Due to these inconsistencies, we were unable to identify and review all changes made to significant edits throughout the fiscal year.

Good internal controls require documentation of changes to computer edits be accurate. The failure to maintain accurate documentation of changes to edits could result in unauthorized or erroneous changes occurring and not being detected promptly.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls over computer edits by ensuring changes to the edits are accurately documented in the system. The agency should review the RG010 report to determine the disposition of the discrepancies between the information on the report and the claims exception control screens.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004

04-16

Controls Should Be Strengthened over Recipient Service Limits

Finding:

The Mississippi Medicaid State Plan (State Plan) documents the recipient service limits and other claims payment policies (i.e., dispensing of generic drugs) for medical services covered by the Office of the Governor - Division of Medicaid. The Medicaid Management Information System (MMIS) includes computer edit functions which are intended to ensure claims which exceed the service limits or are not within the claims payment policies are denied. We requested the agency run exception reports to identify instances in which recipient service limits for several medical service types (i.e., inpatient hospital, physician, inpatient physician, pharmacy and outpatient hospital) may have been exceeded or other claims payment policies may not have been followed. Our testwork on these exception reports revealed claims were being paid which exceeded the recipient service limits or were not in accordance with other claims payment policies. We also noted agency personnel were not running and reviewing exception reports to ensure recipient service limits were not being exceeded or other claims payment policies were being followed.

Good internal controls require the computer system accurately process claims according to the service limits and other claims payment policies set forth in the State Plan in order to ensure compliance with federal regulations. Good internal controls also require that claims payments be adequately monitored to ensure payments are within the limits and policies set by the State Plan. The failure to monitor claims payments for adherence to service limits and other claims payment policies could result in unnecessary costs to the agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen internal controls over recipient service limits and other claims payment policies. Exception reports on claims payment data should be run and reviewed periodically for significant medical service types and follow up should be performed to ensure that edits for service limits and other payment policies are functioning properly so that claims will be paid in accordance with the State Plan. Documentation of these exception reports and follow-up procedures, including adjustments, should be maintained for audit purposes.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004
Questioned Costs: \$816,607

04-18

Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

Finding:

The Mississippi Medicaid State Plan (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor - Division of Medicaid. The service limits for medical service types covered by the agency are as follows:

- Inpatient Hospital Days - Attachment 3.1-A, Exhibit 1 of the State Plan sets a reimbursement limit of 30 inpatient days per fiscal year.
- Outpatient Hospital Visits - Attachment 3.1-A, Exhibit 2 of the State Plan sets a reimbursement limit of six outpatient visits per fiscal year.

Computer edits within the Medicaid Management Information System (MMIS) should ensure claims which exceed the service limits are not paid. We requested the agency run exception reports for the service types above, documenting all recipients whose paid claims exceeded the service limits for the period July 1, 2003, to June 30, 2004. Our testwork on these reports revealed the following:

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- We reviewed claims data for 25 out of 467 recipients whose inpatient hospital days exceeded the service limits. Testwork indicated the service limits were exceeded without a valid policy exception for 24 out of 25 of the recipients. This resulted in an overpayment to providers of \$1,019,716, of which the federal share is \$814,906.
- We reviewed claims data for 11 out of 113 recipients whose paid outpatient hospital visits exceeded the service limit. Testwork indicated the service limits were exceeded without a valid policy exception for nine of the recipients. This resulted in an overpayment to providers of \$2,128, of which the federal share is \$1,701. Due to the complexities involved in calculating outpatient hospital reimbursements, we did not project the error to the population.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid ensure the edits for service limits in the Medicaid Management Information System are working properly so hospital claims will be paid in accordance with the State Plan. We further recommend the agency determine the disposition of the claims listed on the exception reports and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004
Questioned Costs: \$33,673

04-19

Agency Should Ensure Physician Visit Claims in Excess of Service Limits Are Denied

Finding:

The Mississippi Medicaid State Plan (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor - Division of Medicaid. The service limits for two of the medical service types provided by the agency are as follows:

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- 1) Physician Visits - Attachment 3.1-A, Exhibit 5 of the State Plan sets a reimbursement limit of 12 physician visits per fiscal year.
- 2) Inpatient Physician Visits - Attachment 3.1-A, Exhibit 5 of the State Plan sets a limit of one physician visit per inpatient hospital day, or 30 per fiscal year, except visits to patients in Intensive or Coronary Care Units (ICU or CCU) are limited to two per day and nursing home visits are limited to thirty-six per fiscal year (no daily limit).

Per documentation in the Medicaid Management Information System (MMIS), there are computer edits which should ensure claims which exceed the service limits identified above are not paid. Service limit files within the MMIS contain the current procedural terminology (CPT) and revenue codes which are accumulated by the system to determine if recipients have exceeded set service limits. We requested the agency run exception reports for these service types, documenting all recipients whose claims exceeded the service limits for the period July 1, 2003, to June 30, 2004. Our testwork on these reports revealed the following:

- We reviewed claims data for 25 recipients out of 5,732 recipients whose paid physician visits exceeded the service limit. Testwork indicated the service limits were exceeded without a valid policy exception for all 25 recipients. This resulted in an overpayment to providers of \$20,222, of which the federal share is \$16,161. We calculated an average amount paid per claim of approximately \$62 using total paid amounts and total paid units as identified in the exception report. Using this average physician visit rate of \$62 multiplied by a total of 20,724 units paid over the service limit as identified in the exception report, we estimate the agency overpaid \$1,284,888, of which the federal share is \$1,028,296.
- We reviewed claims data for 25 recipients out of 253 recipients whose paid inpatient physician visits exceeded the service limit. Testwork indicated the service limits were exceeded without a valid policy exception for 21 recipients. This resulted in an overpayment to providers of \$21,913, of which the federal share is \$17,512. Due to the complexities of determining whether recipients were nursing home residents and whether or not the charges were for intensive or coronary care, we did not project the error to the population.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- We noted four CPT codes, 99241-99244, which were included in the physician service limit file in the old computer system, were not included in the physician service limit file in the new computer system which was implemented in October 2003. Per discussion with agency personnel from the Bureau of Policy, the four CPT codes should be included in the physician service limit file and should accumulate toward a recipient's physician visit service limit. Due to the complexity of determining the claims paid containing these four codes which could have caused recipients to exceed their service limits, we did not determine the amount of questioned costs.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid ensure the edits for service limits in the Medicaid Management Information System are working properly so inpatient physician claims and physician claims will be paid in accordance with the State Plan. The agency should review all service limit files within the new computer system to determine if all CPT and revenue codes are appropriately included in the files to ensure recipients do not receive services in excess of the service limits set forth in the State Plan. The agency should also determine the disposition of the claims listed on the exception reports and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned Costs (concluded)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004
Questioned Costs: \$6,117

04-20

Agency Should Ensure Pharmacy Claims in Excess of Service Limits Are Denied

Finding:

Mississippi Medicaid State Plan (State Plan) details the pharmacy service limit for prescriptions reimbursed each month. A total of seven prescriptions are allowed per month for each recipient. Five prescriptions are allowed on a monthly basis; however, a prior authorization should be obtained to extend benefits for up to two additional prescriptions per month. The Medicaid Management Information System (MMIS) includes computer edit functions which are intended to ensure claims which exceed the service limits are denied.

We requested the Office of the Governor - Division of Medicaid run an exception report documenting all recipients whose paid claims contained eight or more prescriptions for the period July 1, 2003, to June 30, 2004. We reviewed pharmacy claims data for 15 out of 4,372 recipients for whom paid claims exceeded seven prescriptions per month. We noted ten instances in which the MMIS allowed claims to be paid in excess of the service limits without a valid policy exception. This resulted in an overpayment of \$7,654 to providers, of which the federal share is \$6,117. Due to the complexities involved in calculating pharmacy reimbursements, we did not project the error to the population.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid verify edits in the computer system are functioning properly to ensure pharmacy claims are paid in accordance with the State Plan. We further recommend the agency determine the disposition of the claims listed on the exception report and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes.

II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2004

Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
 - a. "Fully Corrected" - All corrective action has been taken.
 - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
 - c. "Not Corrected" - Corrective action has not been taken.
 - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
 - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
 - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

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02-11	Human Services	101
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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
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*a Even though the agency indicates the finding was partially corrected, our testwork did not reveal any problems, and a finding was not considered necessary in fiscal year 2004.

*b Even though the agency indicates the finding was partially corrected, the corrective action procedures implemented during the year appear adequate to ensure the finding will be corrected. Therefore, no current year finding was written.

*c The agency indicates the finding was partially corrected. For fiscal year 2004, a similar finding was issued in a separate communication.

STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
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**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Henry L. Johnson
State Superintendent of Education

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2004**

03-14 Controls over the Earmarking Requirement Should Be Strengthened

CFDA 84.027 Special Education – Grants to States
CFDA 84.173 Special Education – Preschool Grants

FULLY CORRECTED

03-15 Allocations to Local Educational Agencies Should Be Properly Calculated

CFDA 84.298 Innovative Education Program Strategies – Title V

FULLY CORRECTED

03-16 Controls Should Be Strengthened to Ensure Compliance with Earmarking Requirements

CFDA 84.027 Special Education – Grants to States
CFDA 84.173 Special Education – Preschool Grants

PARTIALLY CORRECTED

The amount budgeted in the Statewide Automated Accounting System (SAAS) for administration of the Special Education – Preschool Grants program for the 2002 grant award has been corrected. In addition, review procedures within the Office of Special Education have been strengthened to ensure earmarking requirements are met for current and future grants. Although implementation of these additional control procedures was completed subsequent to the beginning of the current year audit, they have been implemented to date and should result in no findings during audits succeeding the fiscal year 2004 audit.

Signed:


Henry L. Johnson, State Superintendent of Education

Date:

12/8/04

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STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION
J.K. STRINGER, JR.
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2004

02-21 Transfers from Self-Insurance Funds Should Not Include Federal Funds

93-UN Various

Partially Corrected

A survey was developed and mailed to all state agencies receiving federal funds to gather information on the revenue source of payments made into the Workers' Compensation Trust Fund and the Tort Claims Fund during Fiscal Year 2002. The results of this survey were compiled and submitted to the U.S. Department of Health and Human Services on October 13, 2003. A determination of refunds required by the federal government has not yet been made. We have been advised by the federal DHHS negotiator for Mississippi that a determination will be made in conjunction with the review and approval of the FY 2004 Statewide Cost Allocation Plan.

Signed: J. K. Stringer, Jr.
J. K. Stringer, Jr.
Executive Director

Date: Dec 9, 2004

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

December 20, 2004

Phil Bryant, State Auditor
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Pursuant to your request the following provides the Schedule of Prior Year Findings for the Department of Health for the Year Ended June 30, 2004. The original response to the findings was contained in our letter to you dated May 7, 2004.

02-03 Control over Data Security Should Be Strengthened

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

PARTIALLY CORRECTED

Both network and application security are being coordinated and will be managed from the policies and procedures that will be completed by December 31, 2004 as stated in our response dated May 7, 2004.

02-05 Computer System Policies and Procedures Should Be Developed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

PARTIALLY CORRECTED

These policies and procedures are being incorporated and updated in the general agency manual and should be completed by December 31, 2004 as stated in our response dated May 7, 2004.

02-06 Controls Over Earmarking Requirements Should Be Strengthened

CFDA#93.991 Preventive Health and Health Services Block Grant

FULLY CORRECTED

Brian W. Amy, MD, MHA, MPH, State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601/576-7634 • Fax 601/576-7931 • www.msdh.state.ms.us

Equal Opportunity In Employment/Services

Summary of Prior Federal Audit Findings

December 20, 2004

Page 2

The State Department of Health identifies expenditures for services provided to victims of sexual offenses and rape prevention education to ensure earmarking requirements are met.

02-09 Controls Over Subrecipient Monitoring Should Be Strengthened

CFDA#93.991 Preventive Health and Health Services Block Grant

FULLY CORRECTED

A calendar of site visits was developed and maintained by the Director of Women's Health. The Domestic Violence and Rape Crisis Programs are monitored by one staff person who is responsible for all contracts, and 100% of site visits for current fiscal year have been performed.

03-17 Computer System Policies and Procedures Should Be Developed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

PARTIALLY CORRECTED

These policies and procedures are being incorporated and updated in the general agency manual and should be completed by December 31, 2004 as stated in our response dated May 7, 2004.

03-18 Control over Data Security Should Be Strengthen

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

PARTIALLY CORRECTED

Both network and application security are being coordinated and will be managed from the policies and procedures that will be completed by December 31, 2004 as stated in our response dated May 7, 2004.

03-19 Edits for Social Security Data Field Should Be Developed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

PARTIALLY CORRECTED

After initially denying permission, SSA has now given us permission to use the State Verification and Edit System (SVES) to validate the SSN. MDH had worked since exposure of this audit finding to get access to the SSA systems. The SSA gave permission for access to this

information in November. MDH must sign an agreement with SSA in order to implement this verification process. This agreement is ready for approval. We have a project team in place working on the best way to use the SVES at MDH.

03-20 Personnel Costs Should Be Properly Charged to Federal Program

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

Internal controls have been strengthened to ensure the time study and salaries charged to the WIC program are reconciled on a quarterly basis.

03-21 Controls Over Cash Management Should Be Strengthened

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

Adequate controls have been put into place to ensure amounts in excess of effort put forth for the federal program are not drawn down.

03-22 Controls Over Earmarking Requirements Should Be Strengthened

CFDA#93.991 Preventive Health and Health Services Block Grant

FULLY CORRECTED

The agency separately maintains information on sexual offences and rape prevention education expenditures.

03-23 Controls Over Reporting Should Be Strengthened

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

The Accounting Auditor II completes the WIC Financial Management and Participation Report (FNS-798), the Accounting Auditor III reviews it for accuracy and the Office of Health Services Financial Director does a final review to ensure that documentation is complete and accurate.

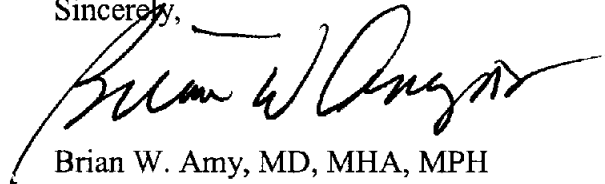
03-24 Controls Over Subrecipient Monitoring Should Be Strengthened

CFDA#93.991 Preventive Health and Health Services Block Grant

FULLY CORRECTED

A calendar of site visits was developed and maintained by the Director of Women's Health. The Domestic Violence and Rape Crisis Programs are monitored by one staff person who is responsible for all contracts, and 100% of site visits for current fiscal year have been performed.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian W. Amy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brian W. Amy, MD, MHA, MPH
State Health Officer



STATE OF MISSISSIPPI
HALEY REEVES BARBOUR, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
DONALD R. TAYLOR
EXECUTIVE DIRECTOR

March 4, 2005

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following are our responses and corrective action plans to the prior year audits for the year 2003.

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2004

02-11 Controls over Allowable Costs Should be Strengthened

93.667 Social Services Block Grant

FULLY CORRECTED

03-07 Controls over the Earmarking Requirement Should Be Strengthened

93.667 Social Services Block Grant

FULLY CORRECTED

Phil Bryant
March 4, 2005
Page 2

03-08 Competitive Procurement Practices Should be Followed for the TANF Program

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

03-09 Control over Food Stamp Program Reporting Should be Strengthened

10.561 State Administrative Matching Grants for Food Stamp Program

FULLY CORRECTED

03-10 Controls Should be Strengthened to Ensure Reports are Properly Supported

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

03-11 Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

10.551 Food Stamps

10.561 State Administrative Matching Grants for Food Stamp Program

93.558 Temporary Assistance for Needy Families

93.667 Social Services Block Grant

FULLY CORRECTED

03-12 EBT Costs Should Be Properly Allocated

10.561 State Administrative Matching Grants for Food Stamp Program

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

Signed: _____


Donald R. Taylor, Executive Director

Date: _____

3-4-05



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
WARREN A. JONES, M.D., FAAFP
EXECUTIVE DIRECTOR

November 22, 2004

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Below are updated responses to audit findings on the financial statements of the Office of the Governor, Division of Medicaid for Fiscal Year 2003. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003

Medicaid

02-20 Controls Should be Strengthened to Ensure Long-Term Care Facility Rates Are Adjusted Timely After Audit Reports Are Issued

93.778 Medical Assistance Program

PARTIALLY CORRECTED

We have strengthened controls by successfully training additional staff to prepare rate adjustments. With the experience gained over the past year, productivity and efficiency have increased, reducing the backlog. Additionally, there has been a significant reduction in the number of field audits requiring subsequent adjustments, resulting in a more manageable workload. The agency continues its policy of adjusting payments found to be made in error, and documentation has been made available to the auditors for all outstanding requests.

03-25

Controls Should Be Strengthened over the Calculation of Inpatient Hospital Per Diem Rates

93.778 Medical Assistance Program

FULLY CORRECTED

Control procedures have been implemented to ensure the proper calculation of Inpatient Hospital Per Diem Rates. These procedures include, but are not limited to:

- Calculating inflation and trend factors using national hospital price indices and weights as published in the Federal Register in the fourth quarter of the common calendar year-end of the cost reporting period, and selecting and applying these indices and weights as stipulated in the Mississippi Medicaid State Plan.
- Recording all supervisory review of rate setting calculations and desk reviews of cost reports.
- Linking all files associated with the rate setting process to the source documents to ensure that information is consistently applied and to reduce the likelihood of data entry errors.

03-26

Controls over Provider Rate and Claims Adjustment Transmittals Should Be Improved

93.778 Medical Assistance Program

PARTIALLY CORRECTED

In January 2004, the Bureau of Reimbursement resumed the practice of sending monthly transmittals status update request to the fiscal agent. The fiscal agent is requested to update this hard copy list of outstanding transmittals and return it to Reimbursement, but this practice has not been resumed. However, the Bureau does receive completed transmittals on an individual basis and has always maintained an up-to-date transmittal status log. The Bureau is also exploring the incorporation of electronic data interchange procedures to strengthen these controls and reduce the turnaround time.

03-27

Controls Should Be Strengthened over Federal Cash Draws for Administrative Expenditures

93.778 Medical Assistance Program

FULLY CORRECTED

03-28 Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Implemented CSR DO0400723, we are now monitoring to ensure the areas of concern are fully correct.

03-29 Agency Should Ensure Pharmacy Claims in Excess of Service Limits Are Denied

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Implemented CSR DO04001761 and CSR DO04001785, we are now monitoring to ensure the areas of concern are fully correct.

03-30 Agency Should Ensure Override Codes Are Valid and Ensure Amounts Reimbursed for Pharmacy Claims Are Correct

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Implemented the correction plan within Envision POS (Point-of-Sale) subsystem will only allow DAW claims to be processed with an assigned PA number. Quantity, drug class, and policy restrictions further limit this. Monitoring to ensure the area of concern is fully corrected and makes the necessary adjustments.

03-31 Agency Should Ensure Claims are Adjusted for Rate Changes and Fee Schedule Updates

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Current facility rate adjustments for State FY 2004 have been corrected. A CRS DO0400971 requested enhancements to Envision to retro rate processing functionality and submitted. DOM is preparing to process State FY 2003 and State FY 2002 and will be complete in State FY 2005.

03-32

Agency Should Ensure Federal Funds Are Used Within the Period of Availability

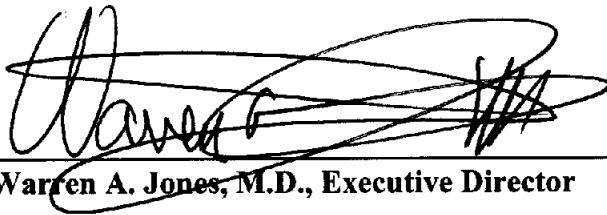
93.767

State Children's Insurance Program (SCHIP)

FULLY CORRECTED

CMS has given DOM the authority to use the funds that were drawn past the period of availability. SCHIP guidance communication dated October 4, 2004. and the A-133 Compliance Supplement for FY 2004..(See Attachments A and B)

Signature:

A handwritten signature in black ink, appearing to read "Warren A. Jones", is written over a horizontal line. The signature is stylized with loops and a large "W".

(Agency Head)

Warren A. Jones, M.D., Executive Director

Date: November 22, 2004

coverage under an existing comprehensive State-based program (42 USC 1397cc(d)(1) and 1397ee(d)(2)).

2.2 Level of Effort - *Supplement Not Supplant* - Not Applicable

3. Earmarking

Expenditures not directly related to providing child health insurance assistance under the plan are limited to 10 percent of the State's total expenditures through SCHIP. The following expenditures are subject to the 10 percent limit:

(a) payment for other child health assistance for targeted low-income children; (b) expenditures for health services initiatives under the State child health assistance plan for improving the health of children; (c) expenditures for outreach activities; and (d) other reasonable costs incurred by the State to administer the State child health assistance plan (42 USC 1397ee(c)). States may apply for a waiver, or variance of this 10 percent cap under 42 USC 1397ee(c)(2). If applicable, information regarding such a waiver is in the State plan.

The 10 percent limit is applied on an annual fiscal-year basis and is calculated based on: (a) the total amounts of expenditures and (b) the quarter in which such expenditures are claimed by the State for the fiscal year (42 USC 1397ee).

H. Period of Availability of Federal Funds

a. The amount of a State's SCHIP allotment for a fiscal year remains available for expenditures by that State for a 3-year period, i.e., the fiscal year of award and the two subsequent fiscal years (42 USC 1397dd(e) and (f)). Notwithstanding this general rule, the period of availability for FY 1998 through 2001 SCHIP allotments has been modified as follows:

- (1) The period of availability of a State's FY 1998 and FY 1999 retained and redistributed SCHIP allotments is through September 30, 2004 (Pub. L. 108-74, section 1(a)(1)).
- (2) Fifty percent of any unexpended amount of a State's FY 2000 retained SCHIP allotment not expended by September 30, 2002 is available for expenditure by the State through September 30, 2004. Any amount made available to a State as a result of redistribution of FY 2000 SCHIP allotments is available to the State for expenditure through September 30, 2004 (Pub. L. 108-74, sections 1(a)(2)(A)(iii) and 1(a)(2)(B)(v)(II)).
- (3) Fifty percent any unexpended amount of a State's FY 2001 retained SCHIP allotment not expended by September 30, 2003 is available for expenditure by the State through September 30, 2005. Any amount made available to a State as a result of redistribution of FY 2001 SCHIP allotments is available to the State for expenditure through September 30, 2005 (Pub. L. 108-74, sections 1(a)(3)(A)(iv) and 1(a)(3)(B)(v)(III)).

October 1, 2004

TO: ALL MBES/CBES USERS

This letter provides guidance to Medicaid and State Children's Health Insurance Program (SCHIP) Budget and Expenditure System (MBES/CBES) users on certain provisions of the title XXI statute, specifically, the disposition of the amounts of states' unexpended redistributed or retained allotments for fiscal years (FYs) 1998, 1999, 2000 and 2002 SCHIP allotments. "Redistributed allotments" refer to the amounts of unexpended fiscal year allotments provided to states that have fully expended that fiscal year's allotment. "Retained allotments" refer to the amounts of unexpended fiscal year allotments provided to states that did not fully expend that fiscal year's allotments. As described below, we clarify how you must draw funds from the appropriate title XXI Payment Management System (PMS) subaccounts following the end of FY 2004, that is September 30, 2004.

In accordance with the provisions of section 2104(g) of the Social Security Act (the Act), states' redistributed or retained FYs 1998, 1999 and 2000 allotments amounts are available for matching states' expenditures through the end of FY 2004, that is September 30, 2004. Furthermore, under the provisions of section 2104(e) of the Act, the FY 2002 SCHIP allotments are only available through the end of a 3-year period of availability (POA) which also expires at the end of FY 2004. Section 2104(f) of the Act requires that at the end of the POA applicable to the fiscal year SCHIP allotment, states' unspent allotments must be redistributed to those states that have fully spent such allotment, in this case referring to the FY 2002 SCHIP allotments. The current statute does not provide for any retained allotments for states' unspent FY 2002 allotments.

We will need to determine the exact amount of states' unexpended FY 2002 allotments in order to carry out the redistribution process required under section 2104(f) of the Act. In order to do this as soon as possible after the end of FY 2004, we request that you report all applicable SCHIP expenditures for the fourth quarter FY 2004 quarterly expenditures report (QER) by **November 30, 2004**. We are using the November 30th date, as this is the date required under section 2104(g)(3) of the Act for purposes of determining the FY 2002 redistribution amounts. After the November 30th date, we intend to close the MBES/CBES system to any further expenditure reporting so that we can obtain and process the official certified SCHIP expenditures to be used in the FY 2002 redistribution calculations.

In reporting these expenditures, please ensure that applicable expenditures (such as administrative expenditures) you report do not exceed the title XXI "10 percent limit" on such expenditures. Also, please remember to always browse the Form CMS-21 after entering your expenditure information prior to printing to ensure that the form is updated and calculated by the system.

Under the current SCHIP statute, states' unexpended FYs 1998, 1999, and 2000 reallotment amounts are available through the end of FY 2004. Therefore, sometime after the end of FY 2004 we will need to close the PMS subaccounts related to these funds. However, states are allowed to draw from the applicable PMS subaccounts related to these funds only for those expenditures that will be reported on the fourth quarter FY 2004 QER. Expenditures that will be reported on subsequent QERs, beginning with the first quarter of FY 2005, may not be drawn from these PMS subaccounts.

All SCHIP expenditures reported on the first QER FY 05 must be drawn from the next available SCHIP allotment. The retention states that are currently drawing from PMS subaccounts REDIST98, REDIST99, or REDIST00 must now draw funds from the REDIST01 PMS subaccount for expenditures reported on the first QER FY05. The retention states that are currently drawing funds from the CHIP02 must now draw funds from the CHIP03 PMS subaccount for expenditures reported on the first QER FY05.

The redistribution states that are currently drawing funds from PMS subaccounts REDIST99, REDIST00 or CHIP02 must now draw funds from the CHIP03 PMS subaccount for expenditures reported on the first QER FY05. The redistribution states that are currently drawing funds from the CHIP03, CHIP04 or REDIST01 PMS subaccounts may continue to do so until the funds are exhausted or until the end of the POA .

If you have any questions, please call your CMS regional office financial contact. In CMS central office, please contact Debbie Abshire on 410-786-9291, email dabshire@cms.hhs.gov.

/s/

Richard Strauss
Director
Division of Financial Management

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STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
LELAND R. SPEED
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2003

03-01 Written Policies and Procedures Should Be Established for Program Income

14.239 HOME Investment Partnership Program

FULLY CORRECTED

03-02 Policies and Procedures Should Be Established to Ensure Compliance with Real Properties Acquisition and Relocation Assistance Requirements

14.239 HOME Investment Partnerships Program

FULLY CORRECTED

03-03 Internal Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

MDA has revised its procedures to include additional review measures of subrecipients' audits to ensure that the appropriate information is received and required action is taken. The attached tracking report is being used to determine the due date of the audit as well as, if applicable, when a response is due. The following measures are taken:

- 1) In compliance with federal regulations, all audits are due nine (9) months after the ending date of the fiscal audit year. Letters are sent to notify the subrecipient of the due date.
- 2) If a response is not received, a follow up letter is sent.
- 3) Upon receipt of the audit, a determination letter is sent. If resolved findings are cited, correspondence is sent to request a response. A six-

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
PAGE 2

month period is allowed for response and correction. A final clearance is then sent to the subrecipient.

03-04 Internal Controls Should Be Strengthened over Subrecipient Monitoring

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

Beginning September 2004, management and supervisory staff began to conduct in-house training in the area of strengthening internal controls over subrecipient monitoring. Additional HUD training has been scheduled for staff on HOME monitoring. Monitoring response review and compliance review sheets are completed immediately and placed in the file to avoid the possibility of missing documentation. Supervisory staff is responsible for reviewing reports and assuring that the reports are clear and concise. Additional measures are being explored which will provide tracking for completion and accuracy.

03-05 Internal Controls Should Be Strengthened over Period of Affordability Inspections

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

A computerized monitoring program has been installed which allows HOME program monitoring staff to track which projects are due to be inspected on a monthly basis. Staff completes a standard monitoring tool, which compiles all inspection visit data for review by CSD management and action on noncompliance. Monitoring staff is required to follow-up on deficient area and re-inspect for compliance. Additional steps are now being taken to implement further activities to enhance our efforts in the area of period of affordability inspections.

Signed: Terri Hudson
Terri Hudson, Chief Financial Officer



**Mississippi Department of
Rehabilitation Services**

Providing the freedom to live

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2004**

02-23 Reported Expenditures for State Match Should Agree to Accounting
Records

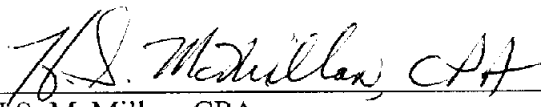
CFDA #84.126 Rehabilitation Services – Vocational Rehabilitation
Grants to States

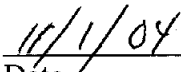
FULLY CORRECTED

03-13 Internal Controls over Reporting Should Be Strengthened

CFDA #84.126 Rehabilitation Services – Vocational Rehabilitation
Grants to States

FULLY CORRECTED


H.S. McMillan, CPA
Executive Director


Date

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III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



STATE OF MISSISSIPPI

MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS FOR THE YEAR ENDED JUNE 30, 2004 Instructions to Management

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
 - a. Specific steps to be taken to correct situation.
 - b. Name(s) of the contact person(s) responsible for corrective action.
 - c. Anticipated completion date for corrective action.
 - d. Specific reasons why corrective action is not necessary, if applicable.

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

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**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Henry L. Johnson
State Superintendent of Education

SINGLE AUDIT FINDINGS

February 18, 2005

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your January 26, 2005, correspondence, the Mississippi Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 2004:

AUDIT FINDINGS:

- 10.558 Child and Adult Care Food Program
- Allowable Costs/Cost Principles
- 04-02 Controls over the Classification of Program Expenditures Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

As noted in the finding, the problems associated with the on-line claims application system had already been detected by program staff prior to audit. The necessary corrections to the accounting records have been completed for previous transactions that were incorrectly coded. All federal reports have been updated accordingly. In addition, the Mississippi Department of Education, Office of Child Nutrition has completed the necessary system modifications to ensure all future transactions are coded to the proper reporting category.

B. Name of the contact person responsible for corrective action:

Gary May, Director
Office of Child Nutrition

C. Anticipated completion date for corrective action:

Corrective action procedures have been completed.

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Allowable Costs/Cost Principles

04-03 Controls over Input of Revised Budget Allocations Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education, Office of Special Education will strengthen controls to ensure revised Part B and Preschool allocations to Local Educational Agencies (LEAs) are properly reflected in the Statewide Automated Accounting System (SAAS). When revisions to LEA allocations are processed, program staff will perform follow up procedures by manually verifying that revised budgets have been properly entered into SAAS. This verification process will be documented in the project files.

For errors noted by the auditors, the Office of Special Education will ensure that the necessary corrections to LEA budgets are made in SAAS.

B. Name of the contact person responsible for corrective action:

Paulette White, Director
Bureau of Support Services, Program Management, and Data Services
Office of Special Education

C. Anticipated completion date for corrective action:

April 30, 2005

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Matching, Level of Effort, Earmarking

04-04 Controls over Earmarking Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education, Office of Special Education will strengthen controls over the calculation of Part B and Preschool allocations to LEAs. Duties will be properly segregated to ensure all data entry into the spreadsheet used to calculate LEA allocations is subjected to a thorough supervisory review. In addition, program directors will ensure that data is obtained from the proper source and that adequate supporting documentation is maintained in the Office of Special Education. Also, periodic reviews will be performed by the Bureau Director to ensure that LEA project budgets entered into the Statewide Automated Accounting System (SAAS) are in agreement with the LEA allocations calculated by the Office of Special Education. All supervisory reviews will be documented.

The Office of Special Education will contact the United States Department of Education for guidance in determining the most appropriate remedy for the incorrectly calculated LEA allocations of the 2003 Part B and Preschool grants.

B. Name of the contact person responsible for corrective action:

Paulette White, Director
Bureau of Support Services, Program Management, and Data Services
Office of Special Education

C. Anticipated completion date for corrective action:

Periodic comparisons of LEA allocations to SAAS project budgets will be implemented by April 30, 2005. Procedures to ensure the propriety of data used to calculate LEA allocations will be implemented during the allocation process of the 2005 grant awards.

84.010 Title I Grants to Local Educational Agencies

Matching, Level of Effort, Earmarking

04-05 Controls over Maintenance of Effort Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education, Office of Innovative Support will strengthen controls to ensure that LEA maintenance of effort is properly calculated. Currently, data is entered into the spreadsheet used to calculate LEA maintenance of effort by staff in the Office of Financial Accountability. Procedures will be implemented to ensure this data entry is subjected to an independent review by a program supervisor in the Office of Innovative Support. In addition, the program supervisor will review the propriety of spreadsheet formulas to ensure data is correctly calculated. This independent review will be documented in writing.

In regard to the school district that had not maintained the required level of effort from fiscal year 2001 to fiscal year 2002, it was noted that the drop in fiscal effort was unusually large in comparison with other LEAs and in comparison with changes in the district's own enrollment. Therefore, the Office of Innovative Support is coordinating a review of the LEA's expenditure data to ensure that proper amounts were initially reported to the Mississippi Department of Education. The results of this review will determine whether the LEA met the maintenance of effort requirement and if it will be necessary to pursue the recovery of overallocated funds.

B. Name of the contact person responsible for corrective action:

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

May 30, 2005

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Matching, Level of Effort, Earmarking

04-06 Controls over Compliance with Earmarking Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

As noted in the finding, after the errors were brought to the attention of program management, the necessary corrections/adjustments were made to the 2001 Part B grant to ensure the required maximum and minimum earmarking levels were met for state set-aside activities, capacity building subgrants, and minimum flow-through subgrants. For the 2003 Preschool grant the budgeted earmarking allotment for administration was corrected in the Statewide Automated Accounting System (SAAS).

To ensure earmarking requirements are met for future grant awards, the Mississippi Department of Education, Office of Special Education will strengthen controls over the budgeting of earmarking allotments. The Financial Coordinator will determine the proper budget amount for each of the earmarking areas of the grants in accordance with federal regulations. The budget amounts will be reviewed and approved by the Bureau Director prior to submission to the Office of Budget and Planning for entry into SAAS. Supervisory reviews will be documented in writing. In addition, the Bureau Director has begun monthly comparisons between budgeted earmarking allotments and actual expenditures-to-date to ensure maximum spending limits are not exceeded and that minimum expenditure levels are reached.

B. Name of the contact person responsible for corrective action:

Paulette White, Director
Bureau of Support Services, Program Management, and Data Services
Office of Special Education

C. Anticipated completion date for corrective action:

Corrections to ensure earmarking requirements are met for the 2001 and 2003 grant awards have been completed. The periodic budget comparisons have been implemented. The additional control procedures described will be implemented during the budgeting process for the 2005 grant awards.

84.010 Title I Grants to Local Educational Agencies

Period of Availability of Federal Funds

04-07 Controls over Carryover Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education, Office of Innovative Support will strengthen controls to ensure that requirements related to the 15% carryover limitation are met. A listing of waivers granted to LEAs will be developed and maintained in the Office of Innovative Support. When a LEA requests a waiver of the 15% carryover limitation, program staff will reference this listing to ensure that a waiver is not issued to the LEA more than once every three years. The entry of data onto the waiver listing will be reviewed for accuracy by supervisory personnel. Supervisory reviews will be documented in writing.

B. Name of the contact person responsible for corrective action:

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

May 30, 2005

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

04-08 Controls over Reporting Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation:

The Mississippi Department of Education, Office of Innovative Support will strengthen controls over the preparation of the Consolidated State Performance Report. All source documentation for data included in the report will be maintained in the office's central files. The compilation and entry of data by program staff into the electronic file provided by the United States Department of Education will be subjected to a supervisory review, which will be documented in writing.

B. Name of the contact person responsible for corrective action:

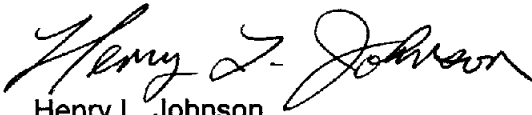
Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

Procedures will be adopted by May 30, 2005 and will be placed in operation during the preparation of the next Consolidated State Performance Report.

Should you have any questions or need additional information, do not hesitate to contact me.

Sincerely,


Henry L. Johnson
State Superintendent of Education

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STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION
J.K. STRINGER, JR.
EXECUTIVE DIRECTOR

February 28, 2005

SINGLE AUDIT FINDING

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following is our response to the finding and recommendation contained in your Single Audit Management Report dated February 18, 2005.

AUDIT FINDING:

93.UN Various

ALLOWABLE COSTS/COST PRINCIPLES

04-23 Transfers from Self-Insurance Funds Should Not Include Federal Funds

Response: We concur with this finding.

Corrective Action Plan:

- A. Based on discussions with the federal DHHS negotiator assigned to the State of Mississippi, it is our understanding that the determination of refunds required by the federal government will be made in conjunction with the review and approval of the applicable year's Statewide Cost Allocation Plan. When the proposed FY 2006 plan is submitted to the federal government, we will submit information about the FY 2004 transfers and begin the negotiation process to determine appropriate action.

Honorable Phil Bryant

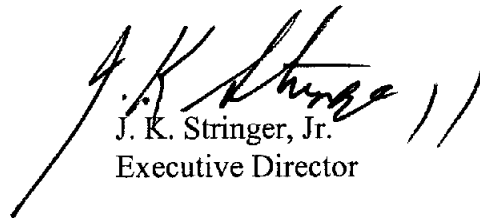
Page 2

February 28, 2005

- B. Mrs. Sandra Lohrisch, Director of the Office of Budget and Accounting, will be responsible for coordinating the corrective action.
- C. Final settlement of this issue will depend on review of the state's SWCAP for FY 2006 by the federal cognizant agency and subsequent negotiations with the federal government.
- D. Not applicable.

If you should need additional information concerning this response, please let me know.

Sincerely,



J. K. Stringer, Jr.
Executive Director



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
WARREN A. JONES, M.D., FAAFP
EXECUTIVE DIRECTOR

SINGLE AUDIT (CONTROLS) FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

March 18, 2004

Dear Mr. Bryant:

Your letter dated March 4, 2004, presented the results of the single audit of the Office of the Governor - Division of Medicaid (the Division) for fiscal year 2004. Additionally, it included the results of an audit of federal financial assistance. The following represent our responses to the specific findings noted in your report along with related corrective action plans:

AUDIT FINDINGS:

CFDA

Number

Reportable Conditions

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

93-778 Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004

04-14 Controls Should Be Strengthened over Federal Cash Draws

Response: The Division has strengthened controls over federal cash draws to ensure they are calculated correctly using the proper medical assistance percentage. The Division believes this was an isolated incident caused by the unusual nature of receiving an enhancement to the FMAP rate during the federal fiscal year instead of at the end of this period. The Division has corrected these errors by reducing a subsequent federal cash draw as stated in the finding. A request has also been submitted to the federal grantor agency to determine if any interest may be owed as a result of the amounts overdrawn.

Corrective Action: The Division's staff will ensure that guidelines stipulated in federal grant awards are adhered to for all federal cash draws, and that any questions related to these procedures be referred to and resolved by the federal grantor agency prior to receiving federal funds.

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Conditions

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004

04-15 Controls Should be Strengthened over Computer Edits

Response: The Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Corrective Action: All changes to computer system edit controls are approved and logged by the Division on the day they are implemented by the Fiscal Agent. Systems personnel from the Division and the Fiscal Agent review all exception reports related to computer system edit controls to ensure that all claims have been correctly processed for payment or denied in accordance with the Mississippi Medicaid State Plan. All discrepancies between the information generated on exception reports related to computer edits and other systems data output are investigated by the Division and Fiscal Agent and resolved in a timely manner. Exception reports related to computer system edit controls are retained by the Division along with documentation to support the investigation and resolution of any discrepancies.

The Division and its Fiscal Agent will also determine the disposition of the claims that were listed on the exception reports mentioned in your findings, and make the appropriate adjustments to claims history if the claims have not been previously corrected.

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004

04-16 Controls Should Be Strengthened over Recipient Service Limits

Response: As stated in Finding Number 04-15, the Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Corrective Action: Please see the Corrective Action listed in Finding Number 04-15.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004
Questioned Costs: \$816,607

04-18 Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

Response: Inpatient Hospital Days--As stated in Finding Number 04-15, the Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

In addition, hospital inpatient claims from fiscal year 2004 were reprocessed in October of 2004 after corrections to the system had been made for service limit edits. The overpayments to providers and claims history were corrected when these claims were reprocessed.

Corrective Action: Please see the Corrective Action listed in Finding Number 04-15.

Response: Outpatient Hospital Visits- As stated in Finding Number 04-15, the Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Corrective Action: Please see the Corrective Action listed in Finding Number 04-15.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004
Questioned Costs: \$33,673

04-19 Agency Should Ensure Physician Visit Claims in Excess of Service Limits are Denied.

Response: Physician Visits--As stated in Finding Number 04-15, the Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Corrective Action: Please see the Corrective Action listed in Finding Number 04-15.

Response: Inpatient Physician Visits--As stated in Finding Number 04-15, the Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Corrective Action: Please see the Corrective Action listed in Finding Number 04-15.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

Federal Award Number and Year: 05-0405MS5028, 2004
Questioned Costs: \$6,117

04-20 Agency Should Ensure Pharmacy Claims in Excess of Service Limits Are Denied

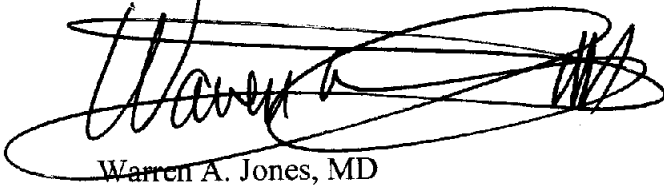
Response: As stated in Finding Number 04-15, the Division has strengthened internal control procedures related to computer system edit controls (including service limit edits) to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Office of the State Auditor
March 18, 2005
Page 5

Corrective Action: Please see the Corrective Action listed in Finding Number 04-15.

Please call Leonard Boddie, Staff Officer, at 601-359-6527 if you have any questions relative to our responses and corrective action plans.

Sincerely,

A handwritten signature in black ink, appearing to read "Warren A. Jones", is written over a large, loopy, horizontal oval scribble. The signature is cursive and somewhat stylized.

Warren A. Jones, MD

WAJ/LWB/lb

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STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
LELAND R. SPEED
EXECUTIVE DIRECTOR

Single Audit Findings

March 14, 2005

Mr. Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of January 28, 2005 concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2004. We are pleased to note that no reportable conditions were considered to be material weaknesses. Our responses to the four non-material reportable conditions are as follows:

CFDA Number and Program Name	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Worker

Federal Award Number and Year: Various

04-10 Controls over Reporting Should be Strengthened

Response: MDA concurs that amounts reported on quarterly financial status reports should be reconciled and supporting documentation maintained.

The Workforce Improvement Act (WIA) requires fiscal reporting on an accrual basis. Most WIA grantees and subcontractors use cash basis systems and have been slow to institute accrual reporting. This results in under reporting expenditures. The previous Director of the Employment Training Division (ETD) made adjustments to the reports using estimates based on his knowledge of the contracts awarded. There were no written reconciliations or supporting documents filed.

Corrective

Action Plan: Under the new management at MDA, this methodology was deemed inappropriate for the very reasons cited in the finding. New controls and a new process were implemented. Reports are required to be consistent with the accounting records and adjustments if any, must be supported by tangible documentation. Approval of the ETD Director, MDA Deputy Director and MDA Chief Financial Officer is required prior to submission of reports.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

Federal Award Number and Year: Various

04-11 Controls Over Subrecipient Monitoring Should be Strengthened

Response: MDA concurs that supervisory reviews should be performed on monitoring workpapers and reports to ensure completeness and propriety. This review should ascertain that monitoring responses are received in a timely manner and all files are obtainable.

Corrective

Action Plan: MDA has policies and procedures for subrecipient monitoring. Efforts will be made to ensure that all monitoring documents are adequately completed and filed in accordance with agency policy. In addition, subrecipients' monitoring responses not received within thirty days will be issued a second request.

CFDA Number and Program Name

17.258 WIA Adult Program
17.259 WIA Youth Activities
17.260 WIA Dislocated Workers

Federal Award Number and Year: Various

04-12 Controls Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Response: MDA concurs with the finding. As part of MDA's monitoring activities, audit reports were obtained at the time of the on-site review. No specific management decision letters were prepared; however, as part of the monitoring activity any noncompliance issues were documented in the work papers and disclosed in the monitoring report.

Corrective

Action Plan: MDA will revise its procedures to receive and date stamp audits directly. Audits will be reviewed and a Management Decision letter provided to the subrecipient or contractor. MDA will maintain an audit tracking system, which includes the following:

1. Subrecipient or contractor audit with received date stamped
2. Expenditure tracking document
3. The Audit Review Checklist with review signatures and dates
4. A copy of the Decision Letter sent to the subrecipient or contractor

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

Federal Award Number and Year: Various

04-13 Controls Over Period of Affordability Inspections Should be Strengthened

Response: MDA concurs that procedures should ensure that the period of affordability inspection tracking document is proper and period of affordability inspections are conducted in compliance with federal regulations. Procedures should also require supervisory reviews and properly maintained files.

Corrective

Action Plan: MDA's review of the current tracking system revealed that the system does not fully allow for the identification of when on-site inspections should occur. As a result, additional safeguards will be used to ensure timely reviews. A complete inventory of files is being performed. In addition, responsibilities have been reviewed with staff to clarify duties.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Donna Sanford at 359-2911.

Sincerely,



Terri P. Hudson
Chief Financial Officer

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William R. "Bill" Minor
Northern District Commissioner

Dick Hall
Central District Commissioner

Wayne H. Brown
Southern District Commissioner



Larry L. "Butch" Brown
Executive Director

Harry Lee James
Deputy Executive Director/
Chief Engineer

Brenda Znachko
Deputy Executive Director/
Administration

P. O. Box 1850 / Jackson, Mississippi 39215-1850 / Telephone (601) 359-7001 / FAX (601) 359-7110 / www.goMDOT.com

SINGLE AUDIT FINDINGS

February 4, 2005

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

We appreciate the professionalism and courtesy shown to our staff by your audit staff during the federal compliance audit recently conducted. We had the exit conference and received the Single Audit Management Report and the following details our response to the Single Audit Finding:

AUDIT FINDING:

REPORTABLE CONDITION

DAVIS-BACON ACT

CFDA Number 20.205 Highway Planning and Construction

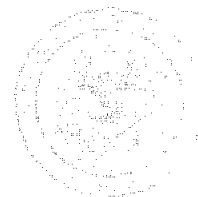
04-01 Internal Controls Should be Strengthened over Davis-Bacon Act Requirements

Response: We agree with this recommendation.

Corrective Action Plan:

The Contract Administration Division will strengthen controls over Davis-Bacon Act requirements by:

- A. Certifying payroll forms are initialed only after entry on the contractor log-in card
- B. When gaps are noted in payrolls submitted, Contract Administration will contact the appropriate project office for an explanation. Contract Administration will record this explanation on the log-in card and ensure corrective measures are taken.



Page Two
Single Audit Findings
February 4, 2005

- C. Contract Administration will maintain only active projects in the card file
- D. Contract Administration will continue maintaining files on all submitted payrolls. While the project office is responsible for verifying contractor payrolls, Contract Administration will sample projects ensuring conformance with the Davis-Bacon Act.

The responsible party for the corrective action plan regarding this finding is B.B. House, Contract Administration Engineer. Should you have any questions or need additional information, contact him at 359-7730.

Sincerely,



Larry L. (Butch) Brown
Executive Director

LLB:JMV/cc

**OFFICE OF
STATE AID ROAD CONSTRUCTION**

*MISSISSIPPI DEPARTMENT OF TRANSPORTATION
P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850*

J. Brooks Miller, Sr., P.E.
State Aid Engineer
Telephone 359-7150

412 Woodrow Wilson Avenue
Jackson, Mississippi 39216
Fax 359-7141

February 01, 2005

Mr. Phil Bryant
State Auditor
3750 I-55 North Frontage Road
P.O. Box 956
Jackson, MS 39211

Dear Mr. Bryant:

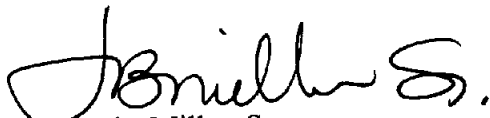
RE: Single Audit Davis-Bacon Act

There is attached for your review written response to the referenced findings as presented to our Agency during the Exit Audit on January 26, 2005.

We appreciate the cooperative spirit of the personnel assigned to our office for the Audit and welcome their comments.

If additional information is needed please let us know.

Sincerely,



J. Brooks Miller, Sr.
State Aid Engineer

JBM/ey
Attachment

**OFFICE OF
STATE AID ROAD CONSTRUCTION**

MISSISSIPPI DEPARTMENT OF TRANSPORTATION
P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850

J. Brooks Miller, Sr., P.E.
State Aid Engineer
Telephone 359-7150

412 Woodrow Wilson Avenue
Jackson, Mississippi 39216
Fax 359-7141

February 01, 2005

AUDIT FINDINGS:

CFDA

NUMBER

*20.205
04.09

"DAVIS-BACON ACT"

RESPONSE:

In addition to the checks we have in place at this time to control this problem: We are adding the attached letter "statements and payrolls".

The letter will be sent with each contractor's packet on each new federal aid project. Also, we will send this letter a second time when we receive the notice to proceed for construction from the project engineer on each new federal aid contract.

Also, when we receive a project diary, we are going to route the project diary by our payroll compliance person, Sandy Mohr, so that she can check for work by the prime contractor and any sub-contractors working on the project.



J. Brooks Miller, Sr
State Aid Engineer

STATE AID ROAD CONSTRUCTION

MISSISSIPPI DEPARTMENT OF TRANSPORTATION
P.O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850

J. Brooks Miller, Sr., P.E.
State Aid Engineer
Telephone (601) 359-7150

401 North West Street
Jackson, Mississippi 39201
Fax (601) 359-7141

Statements and Payrolls

The Contractor and subcontractors shall submit one copy each of forms CAD-880, "Weekly Summary of Wage Rates" and CAD-881, "Weekly Statement of Compliance", along with a copy of the payroll records, each week to the Office of State Aid and to the County Engineer. If submission of the here-in-before stated forms are delinquent by (14) fourteen days, the State Aid Engineer shall hold progress estimates for payment until the required completed forms are submitted. Each Contractor and subcontractor shall preserve his weekly payroll records for a period of three years from the date of the completion of the contract.

The payroll records shall contain the name, address and social security number of each employee, his correct classification, rate of pay, daily and weekly number of hours worked, itemized deductions and actual wages paid.

It is your responsibility to make sure your subcontractors are aware of this and send in payrolls for all work they perform on this project.

Please mail one copy to the County Engineer on this project and one copy to Office of State Aid Road Construction, Attn: Sandy Mohr, P.O. Box 1850, Jackson, MS 39215-1850.

If you have any questions on this, please call Sandy Mohr at 601 359-7846.

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IV. INDICES



STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2004**

1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 53-54
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: None
5. U.S. Department of Housing and Urban Development: Pages 55-57
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: None
8. U.S. Department of Labor: Pages 59-62
9. U.S. Department of Transportation: Pages 63-65
10. U.S. Department of the Treasury: None
11. Appalachian Regional Commission: None
12. General Services Administration: None
13. National Foundation on the Arts and the Humanities: None
14. U.S. Department of Veterans Affairs: None
15. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. U.S. Department of Education: Pages 67-75
18. U.S. Department of Health and Human Services: Pages 77-86
19. Corporation for National and Community Service: None
20. Social Security Administration: None
21. Department of Homeland Security: None

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STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2004**

1. Agricultural Aviation Board: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Pages 53, 67
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: Page 77
14. Forestry Commission: None
15. Gaming Commission: None
16. Health: None
17. Human Services: None
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 78
21. Mental Health: None
22. Military Department: None
23. Mississippi Development Authority: Pages 55, 59
24. Narcotics: None
25. Oil and Gas Board: None
26. Plant Industry: None
27. Public Safety: None
28. Public Service Commission: None
29. Rehabilitation Services: None
30. Secretary of State: None
31. Soil and Water Conservation Commission: None
32. State Fire Academy: None
33. Supreme Court: None
34. Transportation: Page 63
35. Treasury: None
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: None

Note: *If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.*

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STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY FINDING NUMBER
FOR THE YEAR ENDED JUNE 30, 2004**

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
04-01	63	Transportation
04-02	53	Education
04-03	67	Education
04-04	68	Education
04-05	69	Education
04-06	71	Education
04-07	72	Education
04-08	74	Education
04-09	64	Transportation
04-10	59	Mississippi Development Authority
04-11	55	Mississippi Development Authority
04-12	61	Mississippi Development Authority
04-13	56	Mississippi Development Authority
04-14	78	Medicaid
04-15	79	Medicaid
04-16	81	Medicaid
04-17	-	(not used)
04-18	82	Medicaid
04-19	83	Medicaid
04-20	86	Medicaid
04-21	-	(not used)
04-22	-	(not used)
04-23	77	Finance and Administration

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STATE OF MISSISSIPPI

**INDEX OF MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2004**

1. Agricultural Aviation Board: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Page 117
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: Page 125
14. Forestry Commission: None
15. Gaming Commission: None
16. Health: None
17. Human Services: None
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 127
21. Mental Health: None
22. Military Department: None
23. Mississippi Development Authority: Page 133
24. Narcotics: None
25. Oil and Gas Board: None
26. Plant Industry: None
27. Public Safety: None
28. Public Service Commission: None
29. Rehabilitation Services: None
30. Secretary of State: None
31. Soil and Water Conservation Commission: None
32. State Fire Academy: None
33. Supreme Court: None
34. Transportation: Page 137
35. Treasury: None
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: None

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V. ACKNOWLEDGMENTS



ACKNOWLEDGMENTS

REPORT PREPARED BY:

Phil Bryant, State Auditor
Rodney D. Zeagler, CPA, Director, Department of Audit
William R. Doss, CPA, Director, Financial and Compliance Audit Division

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

Managers

Karlanne Coates, CPA
Rob Robertson

Supervisors

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Tonya Bierman
Judy Bounds
Amy Buller, CPA
Laura Griffin
Liza Hammett
Marilyn Purvis, CGFM

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Susan Kimbrough, CFE	Lucreta Walker
Terry Laughlin, CPA	Yulanda Wesley
Kim McCrory	Rebecca Wilson
Mike McCollough	

Special thanks to Jacqueline Thomas and Dianne Guinn for their help in processing this report.

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